



Stock Code: 6269

# Flexium Interconnect, Inc.

## 2024 Annual Meeting of Shareholders Meeting Handbook (Translation)

**MEETING TIME: 9:00 am May. 30th, 2024 (Tuesday)**

**PLACE: No.1, Shangfa 5th Rd., Hofa Industrial Park, Daliao Dist., Kaohsiung  
City**

**DISCLAIMER:**

For the convenience of readers, the procedure, agenda, attachments, and appendix of Flexium's Annual Shareholders' meeting have been translated into English from the original Chinese version prepared and used in Taiwan, the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail

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# **Flexium Interconnect, Inc.**

## **2024 Agenda for Regular Shareholders' Meeting**

**Convening method : Physical meeting**

**Meeting time : 9:00 am May 30, 2024 (Tuesday)**

**Meeting Location : No.1, Shangfa 5th Rd., Hofa Industrial Park, Daliao Dist., Kaohsiung City**

**Chaired by : Walter Cheng, Chairman**

### **I. Chairperson's Remarks**

### **II. Report Items**

- (I) 2023 Annual Business Report.
- (II) 2023 Audit Committee's Audit Report.
- (III) Report on 2023 distribution of remunerations to employees and directors.
- (IV) The distribution of the Company's cash from 2023 earnings and the capital reserve.
- (V) The Company's overseas unsecured convertible corporate bond issuance situation and progress report, reported to the public notary.
- (VI) The handling status for the resolution of 2023 Regular Shareholders' Meeting for "conducting public offerings of ordinary shares, or issue new shares to participate in GDRs, or private placements of ordinary shares, or overseas or domestic convertible bonds."

### **III. Proposals**

- (I) 2023 Business Report and Financial Statements
- (II) 2023 Distribution of Remunerations

### **IV. Discussions**

- (I) Proposal for the 2024 issuance of Restricted Stock Awards.
- (II) Proposal to conduct public offerings of ordinary shares, or issue new shares to participate in GDRs, or private placements of ordinary shares, or overseas or domestic convertible bonds.
- (III) Restriction on the prohibition of non-competition of directors and representatives.

### **V. Motions**

### **VI. Adjournment**

# Report Items

## Proposal 1: 2023 Annual Business Report.

Flexium Interconnect. Inc.

Business reports

Flexium Interconnect's vision is to become a global leader in flexible board module solutions. R&D and innovation are the growth engines for maintaining competitiveness. The technology is being developed in the original FPC and FPCA fields, Flexium has applied polyimide (PI) as the foundation of the materials and manufacturing process to build the market in the past two decades. targets new breakthroughs in technology such as wireless, high frequency, optical communication applications and so on.

In 2023, Flexium Interconnect has successfully completed the acquisition of Rafael Micro. This acquisition has allowed Flexium to expand its production base in FPC and vertically integrate the transmission upgrade between light and electricity. As a result, Flexium Interconnect has become a pioneer in Taiwan's next-generation transmission technology platform, enabling the establishment of diverse business models and services.

### **Business operation outcome**

Flexium Interconnect recorded a consolidated revenue of NT\$32.7 billion in 2023, representing an 18.3% decrease from the previous year's NT\$40 billion. The net profit after tax was NT\$2.06 billion, reflecting a 41.6% decline compared to the previous year's NT\$3.52 billion. Earnings per share stood at NT\$6.45, down by NT\$4.38 from the previous year's NT\$10.83.

Flexium's gross profit margin for 2023 was 14.8%, compared to 17.0% in the previous year, while the operating profit margin was 5.0%, compared to 8.8% in the previous year. The net income was 6.3%, which is lower than the 8.8% recorded in the previous year.

Note: The financial forecast for 2023 was not disclosed, therefore there is no information available regarding budget achievement

### **Market trend**

The rise of AI will revolutionize the next decade, profoundly impacting lifestyles and rapidly transforming the electronic products and industry ecosystem. From an application perspective, a wide range of innovative products are constantly emerging, such as smart personal wearable devices,

smart cars, and data transmission devices required in the Web era. These products will create a higher demand for flexible printed circuit (FPC) products, which play a vital role in enabling innovative applications and becoming essential components for future generations.

In 2024, the electronics industry will encounter several trends. Over the past few years, blockchain, cognitive technology, and virtual reality have emerged as significant forces. Intelligent visualization will become the mainstream and a key driver of innovation, transforming human behavioral activities. Furthermore, the extensive utilization of online communities, cloud computing, and the Internet of Things (IoT) has interconnected numerous devices and services, enhancing efficiency and convenience. As a result, industries in all sectors have embraced digital technology for transformation. The need for high-frequency and high-speed applications has become increasingly prominent. Basic solutions that were once adequate no longer meet the demands, as new technologies now require transmission rates that are 2-3 times higher than before. The demand for optical communication technology is driven by the need for electronic products that have enhanced computing capabilities, smaller size, greater portability, and improved user experience. Compared to other rigid printed circuit board products, FPC is more aligned with the advantages of being lightweight and flexible. The required optical communication technology for FPC has also become more challenging.

Flexium Interconnect has always had the vision of solving various transmission challenges for customers and becoming a provider of transmission solutions. In recent years, we have made significant efforts to promote research and development and enhance our technical capabilities. We have collaborated with world-class strategic partners to develop and launch new products in the fields of high frequency, high-performance conduction, and millimeter wave technology. Additionally, we offer simulation platforms, design concepts, testing methods, and more to modularize comprehensive solution modules. By combining our group's optical waveguide technology and IC design, we assist customers in realizing their design products, accelerating development schedules, and shortening the time from concept to product launch to meet market demands.

Providing customers with comprehensive and complete service solutions has always been one of the Company's main competitive advantages. Flexium adheres to the concept of sustainable business and adopts a prudent attitude towards strategic development and the choice of business models. For good measure, Flexium committed efforts towards the research and development of patents for optical communication over and above existing high-speed communication solution for electrical

signals, obtaining patents for the development of high-speed optical circuit boards (NeuroCircuit FPC). By combining the advantages of light and electrical signals and integrating IC design, Flexium improves the transmission of optical signals and overcomes the inherent limitations of electrical signal transmission. This reduces the overall thickness of high-speed circuit boards, mitigates overheating issues during high-speed transmission, and overcomes interference problems in electrical signal transmission. Flexium Interconnect is set to become a leading manufacturer in the field of optical communication circuit boards.

### **Technical development**

Since 2017, Flexium has continuously developed and improved the infrastructure, and selected LCP as the material base to develop Meta, the FPC 2.0 process. This technology can provide high speed and a high layer count (20L), while maintaining its flexibility. However, in order to offer a more comprehensive technical solution, Flexium developed a process called MetaLink for FPC 2.1 in 2021. This process technology will increase process efficiency by 30% and space utilization by 20%. Most importantly, it will improve high-frequency capability by at least 65%. Compared to FPC 1.0, the final version is capable of achieving a 50% reduction in energy consumption and carbon emissions. Metalink has completed testing and verification phases with numerous end customers and currently demonstrates outstanding performance in terms of functionality, receiving high praise from customers. It is believed that in the future, there will be more opportunities to explore and achieve new milestones in the field of millimeter-wave transceiver modules.

As the computing power of ICs increases, AI applications are born, but transmission problems and bottlenecks also arise. To enhance our foundation technology and deliver higher performance, Flexium has developed the next-generation FPC 3.0, known as NeuroCircuit (Optoelectronic Hybrid Board). This technology is to improve production efficiency and enhance the speed of transmission applications. AI applications have emerged with the advancement of IC computing power. However, this has also led to transmission issues and bottlenecks, for which the technologies of Flexium's Meta, Metalink, and NeuroCircuit can offer optimal solutions. These technologies are capable of both within devices and between devices transmission. By combining Metalink with millimeter-wave high-frequency applications, it provides an optimal solution for high-frequency high-speed transmission between devices. These technological and process optimizations will continue to drive the company's revenue and profitability growth in the next phase.

## **Environment, Social, and Corporate Governance (ESG)**

In 2022, Flexium Interconnect officially joined the Global Renewable Energy Initiative RE100, led by The Climate Group and the Carbon Disclosure Project (CDP), in order to comply with the global trend of zero emissions. The company endeavors to achieve the goal of using 100% renewable energy by 2040, thereby driving the company towards carbon neutrality. Since the introduction of the Greenhouse Gas Inventory Information Platform and ISO 50001 Energy Management in 2023, we have been actively promoting energy conservation and carbon reduction through data analysis of emission hotspots, mitigating the impact of climate change effectively.

In light of the rapid growth of global technology and the transformation of the economy into a digital economy, Flexium has actively engaged in innovative research and development to improve process efficiency and product yield while leveraging machinery and equipment to accelerate the progress of smart plants, hence laying a strong foundation to boost operational performance. We also actively build a robust corporate governance system and remain dedicated to corporate sustainability governance. Our focus is on creating a strong and resilient supply chain and fostering a mutually beneficial business model as we strive towards sustainable goals.

## **Future outlook**

With the advancement of technology and the increasing demand for consumer products, FPC products have become a crucial component in AI application, consumer electronics, automotive electronics, and medical instruments among other industries. In the upcoming years, the FPC industry is projected to maintain its strong momentum and venture into new application areas. Finally, on behalf of the Flexium Interconnect management team, I would like to express my gratitude to all the shareholders for their support and wish you all good health! Best wishes!

Director Chairman: Ming-Chi Cheng

Manager person: Ming-Chi Cheng

Accounting Supervisor: Arthur Shiung

## **Proposal 2: 2023 Audit Committee's Audit Report.**

### **Audit Committee's Audit Report**

The board of directors has produced the company's 2023 annual business report, financial statements, profit distribution proposals, and so on. Among them, PWC Taiwan has been entrusted to audit the financial statements and issue an audit report. The above-mentioned business report, financial statements and profit distribution proposal has been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

For 2024 Annual Meeting of Shareholders

Flexium Interconnect. Inc.

Convener of Audit Committee:

Xin-Bin Fu

February 15, 2024



**Proposal 3: Report on 2023 distribution of remunerations to employees and directors**

Description: The Company passed the resolution of the Board of Directors on January 4, 2024. Pursuant to Article 29-1 of the Company’s Articles of Incorporation, it is proposed to allocate NT\$80,000 thousand in employee remuneration and NT\$20,000 thousand in director remuneration, will be paid in cash.

**Proposal 4: The distribution of the Company’s cash from 2023 earnings and the capital reserve**

Description: (I) Pursuant to the Company’s Articles of Incorporation, the Board of Directors is authorized to resolve an earning distribution in cash. The Company is to distribute the 2023 cash dividends in amount and on date as follows:

Approved date (MM/DD/YYYY)	Expected distribution date (MM/DD/YYYY)	Cash dividends from earnings	Cash dividends from capital reserve	Total amount of cash dividends
February 15, 2024	July 5, 2024	NT\$1,290,003,924 (NT\$ 4 per share)	NT\$322,500,981 (NT\$ 1 per share)	NT\$1,612,504,905

- (II) The cash dividends are distributed up to NTD based on the distribution proportion; less than one NTD will be rounded off. For the fractional payment under one NTD will be included in the Company’s other revenue.
- (III) Where the dividend rate changes due to the changes in laws and regulations, or the in the outstanding shares of the Company, the Chairman is authorized fully to adjust it.

**Proposal 5: The Company's overseas unsecured convertible corporate bond issuance situation and progress report, reported to the public notary.**

Description: (I) To support the Company’s foreign currency purchases and expansion of its plant and equipment, the fourth overseas unsecured convertible corporate bond was issued on January 25, 2021. The total amount of issuance is US\$120 million. The issuance period is 3 years, starting from January 25, 2021 to January 25, 2024.

(II) The funds raised in this case are used to meet the capital needs of foreign currency purchases. As of the maturity date, there has been no conversion and all has been repaid.

**Proposal 6: The handling status for the resolution of 2023 Regular Shareholders’ Meeting for “conducting public offerings of ordinary shares, or issue new shares to participate in GDRs, or private placements of ordinary shares, or overseas or domestic convertible bonds.”**

- Description: (I) For the purpose of replenishing working capital, repaying bank loans, repaying corporate bonds, and considering the timeliness, feasibility and cost of issuance, on May 30, 2023, the regular shareholders' meeting has resolved to authorize the Board to raise funds through public offerings or private placements with strategic investors within the limit of 32,000,000 shares, depending on the capital market condition; the Company may choose one or a combination of issuance of ordinary shares, issuance of new shares to participate in global depositary receipts or issuance of overseas or domestic convertible bonds in one or more phases or at the same time.
- (II) By considering the capital market conditions, the Board meeting on February 15, 2024 has approved to discontinue the aforesaid capital increase program.

# Proposals

## Proposal 1: 2023 Business Report and Financial Statements.

Description : (I) The Company's 2023 Business Report and Financial Statements were resolved by the company's board of directors. The financial statements have been audited by the accountants Liao, A-Shen and Wang, Chun-Kai from PwC Taiwan. The above financial statements and the business report have been sent to the Audit Committee for review and issuance of an audit report.

(II) Please refer to pages 2~5 and the Attachment I and II of this handbook for the list in the previous item.

Resolution:

## Proposal 2: The Company's 2023 earnings distribution.

Description: The 2023 earnings distribution table is as follows:

### Flexium Interconnect. Inc. Earnings distribution table 2023

Unit: in NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings - Beginning balance		\$ 16,798,800,524
Plus: 2023 adjustment - re-measurements of the defined benefit plan		<u>589,743</u>
The adjusted undistributed earnings		\$ 16,799,390,267
Net profit after tax in 2023	\$2,066,724,499	
Less: Provision of 10% of the statutory surplus reserve	(206,731,424)	
Less: Provision a special surplus reserve	<u>(185,884,968)</u>	<u>1,674,108,107</u>
Distributable earnings as of 2023		\$ 18,473,498,374
Assigned items:		
Common stock cash dividend (NT\$ 4 / share)		(1,290,003,927)
Undistributed earnings at end of period		\$ 17,183,494,450

Resolution:

# Discussion Items

## **Proposal 1: Proposal for the 2024 issuance of Restricted Stock Awards. (Proposed by the board of directors)**

Description: (I) In accordance with the relevant provisions of Article 267 of the Company Act, the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," and so on, the "Procedures of 2024 Restricted Stock Awards Issuance."

(II) The Restricted Stock Awards to be issued in this instance shall be declared to the competent authority within one year after the resolution of the shareholders' meeting. Within two year from the date when the notification of the effective declaration of the competent authority is reached, it may be issued one or more times according to actual needs. The actual date of issue shall be determined by the chairman as authorized by the board of directors.

(III) The Restricted Stock Awards issued in this instance are as follows:

1. Total amount of issuance: 700,000 ordinary shares will be issued; provided, the actual shares to be issued will be resolved by the Board after the proposal of Restricted Stock Awards issuance approved by the shareholders' meeting and the competent authority.

2. Issuance conditions:

(A) Issuance price: Issued to employees free of charge

(B) Vesting conditions:

(I) In accordance with these Measures, If employees still employed from the date of grant to the expiration date, and the personal performance evaluation score is 3A (inclusive) or above in the year before the expiration date, the proportion of shares that can meet the vested conditions is as follows:

(1) The tenure expires 1 year after the date of grant: the vested ratio is 30%. (Unconditional carry to stock)

(2) The tenure expires 2 year after the date of grant: the vested ratio is 30%. (Unconditional carry to stock)

(3) The tenure expires 3 year after the date of grant: remaining shares.

(II) The term of service grant date is defined as the date when the stock is distributed to the shareholder list.

(III) In case of holidays at the above times, then matters should be handled in advance on the prior business day.

(C) Handling of employees who do not meet these conditions: Shares that do

not meet the vesting conditions will be recovered by the company free of charge and applied for cancellation.

3. Staff qualifications and the number of shares that can be allocated or subscribed:

(A) The eligible employees are limited to these full-time employees of the Company or the companies controlled by subordinated to the Company on board on or before the date of granting the Restricted Stock Awards; the referred companies controlled by subordinated to the Company are recognized pursuant to the standards specified in Article 369-2, Article 369-3, Paragraph 2 of Article 369-9, and Article 369-11 of the Company Act, or the laws and regulations updated before the issuance, and the competent authority's regulations.

(B) In order to protect the rights and interests of shareholders, the Company will carefully manage the Procedures. Persons who must be issued Restricted Stock Awards will be limited to: (i) Key personnel related to the future successful development of the Company; (ii) Those whose individual performance is of considerable value to the Company; (iii) Core new employees; and so on.

(C) For the actual number of employees and the number of restricted employee shares that can be allocated according to the Procedures, factors will be considered including performance, past and expected overall contributions, special merits, development potential, grade, seniority, etc., and the Company's operational needs and business development strategies will also be considered. After being approved by the chairman, this shall be reported to the board of directors for resolution. Provided that where any director or managerial officer is listed in the subscribers, the approval of the Remuneration Committee is required; for these subscribers not managerial officers, the approval of the Audit Committee is required before being submitted to the Board of Directors for the resolution.

(D) The number of Restricted Stock Awards granted to a single employee shall be handled in accordance with Regulations Governing the Offering and Issuance of Securities.

(IV) Restrictions on shares before the vesting conditions are met:

1. Once the restricted employee stocks are issued, they shall be trusted

immediately. The Company or a person designated by the Company shall act as an agent for all assigned employees to sign and revise trust-related contracts with the trust institution and authorize them to handle relevant trust affairs. In addition, before the vesting conditions are met, employees must not request to return the restricted stock for employees with any excuse or in any manner.

2. Before the vesting conditions set in the preceding Article are fulfilled, except in cases of inheritance, employees must not use the restricted employee are allocated according to these measures to sell, pledge, transfer, gift to others, set up, or discriminate in other ways.
  3. Before meeting the vesting conditions, the shareholders' rights in shareholders' meeting, including attendance, proposal, speech, casting votes, and voting rights are entrusted to the trustee institution for exercising.
  4. Before the vesting conditions are met, there shall be no rights to earnings distributions (including but not limited to: dividends, bonuses, capital reserve allocated rights) nor to cash-enhanced share options.
  5. From the day of the Company's non-gratuitous allotment stop transfer day, the cash dividend stop transfer day, the cash capital increase subscription stop transfer day, the shareholders' meeting transfer period determined by Article 165, Paragraph 3 of the Company Law, or other legal business stoppage period based on the facts from the first 15 business days to the reference date for the distribution of rights, employees who meet the acquired conditions during this period do not have the right to surplus distribution.
  6. During the vesting period, where the Company decreases the capital due to any non-statutory capital decrease, such as the capital decrease in cash, the capital decrease for offsetting losses, the Restricted Stock Awards shall decrease proportionally based on the capital decrease percentage. The cash refunded due to the capital decrease in cash shall be trusted, and refunded to employees without interest when the vesting conditions are met; provided, where the vesting conditions are not met, the Company will retrieve such cash.
- (V) Necessary reasons for handling these Restricted Stock Awards: to attract and retain talent needed by the company, and motivate employees and enhance their momentum to jointly create in the interests of the Company and its shareholders.
- (VI) Possible expense amounts, dilution of the Company's earnings per share and

other matters affecting shareholders' equity:

1. Possible expense amounts:

By estimating the closing price NT\$84.3 of the Company's share on February 5, 2024, when all conditions are met, the maximum amount that may be expensed is NT\$59,010 thousand. Subject to vesting conditions, the amount of expenses for 2024 to 2027 will be approximately NT\$14,343 thousand、NT\$27,046 thousand、NT\$13,031 thousand、NT\$4,590 thousand.

If the aforementioned Restricted Stock Awards increase or decrease before the issuance, the amount of its expense is also increased or decreased in proportion in order to comply with laws and regulations.

2. Dilution of the Company's earnings per share and other matters affecting shareholders' equity:

Based on the issued shares of the Company, 322,500,981 shares, the provisional estimates of the dilution of earnings per share for 2024 to 2027 will be NT\$0.04、NT\$0.08、NT\$0.04、NT\$0.01. The dilution of the Company's earnings per share is still limited, and there is no significant impact on shareholders' equity.

If the aforementioned Restricted Stock Awards increase or decrease before the issuance, their impact on earnings per share is also adjusted in equal proportions in order to comply with laws and regulations.

(VII) Other important matters agreed upon:

1. The Procedures are effective after being approved by more than two-thirds of the directors of the board of directors and more than half of the directors present, and after they are reported to the competent authority for approval. If amendment is required during the review process of the submission due to the revision requirements of the competent authority, the chairman is authorized by the board of directors to revise the Procedures, and they will only be issued after subsequent approval by the board of directors.
2. If there are matters left unaddressed in the Procedures, then except as otherwise provided by decree, the chairman is authorized by the board of directors to revise or implement it in accordance with relevant laws and regulations.

(VIII) For the Procedures of 2023 Restricted Stock Awards Issuance, please refer to Attachment III on page 50 of this handbook.

Resolution:

**Proposal 2: Proposal to conduct public offerings of ordinary shares, or issue new shares to participate in GDRs, or private placements of ordinary shares, or overseas or domestic convertible bonds. (Proposed by the board of directors)**

Description: (I) The Company intends to raise funds through public offerings or private placements with strategic investors at an appropriate time for the purpose of replenishing working capital, repaying bank loans, repaying corporate bonds, and considering the timeliness, feasibility and cost of issuance. The company intends to choose one or a combination of issuance of ordinary shares, issuance of new shares to participate in global depositary receipts or issuance of overseas or domestic convertible bonds in one or more phases or at the same time. The actual number of shares to be issued or converted is proposed to the shareholders' meeting to authorize the Board of Directors to decide within the limit of 32,000,000 shares depending on the capital position as described below.

(II) To issue ordinary shares in a public offering for additional cash capital in Taiwan:

1. The par value of each common stock to be issued for domestic cash capital increase will be NT\$10. The actual issue price will be determined in accordance with the relevant provisions of the "Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies Offering and Issuing Securities" of the Taiwan Securities Association and, depending on the market conditions at the time of issuance, the chairman of the board of directors and the underwriters will be authorized to jointly discuss the issue and submit it to the competent authorities for approval. It is proposed to request the Shareholders' Meeting to authorize the Board of Directors to adopt either or both the book building or public subscription method for the public offering in accordance with Article 28 of the Securities and Exchange Act.

2. Book building method

(A) The book building method is used for the offering, except for 10% to 15% of the total number of new shares to be subscribed by the Company's employees in accordance with Article 267 of the Company Act, the remaining 85% to 90% of the shares are proposed to the shareholders' meeting to be withdrawn from preemptive subscriptions by the original shareholders in accordance with Article 28-1 of the Securities and Exchange Act, and the entire amount is proposed to be used for the book building method. For the subscription portion that has been renounced or under-subscribed by the employees, the Chairman is authorized to contact the specific persons to subscribe at the issue price.

(B) In accordance with Article 7 of the "the Taiwan Securities Association's



Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies Offering and Issuing Securities", the issue price of ordinary shares shall not be less than 90% of the average of the closing prices of the common shares calculated on the basis of a simple arithmetic average price for a choice of the previous one, three or five business days, less the ex-rights (or ex-rights on capital reduction) and ex-dividend of the gratis allotment of shares, when reporting to the FSC, reporting the book building agreement and underwriting contract to the Association. The actual issue price shall be agreed between the Board and the Underwriter after the end of the book building period, taking into account the overall book building situation and the market conditions.

3. By public subscription and placement

(A) The public subscription and placement is used for the offering, except for 10% to 15% of the total number of new shares to be subscribed by the Company's employees in accordance with Article 267 of the Company Act, and 10% of the shares are set aside for public subscription in accordance with Article 28-1 of the Securities and Exchange Act, the remaining 75% to 80% will be subscribed by the original shareholders in proportion to their shareholdings as at the record date for subscription. For the subscription portion that has been renounced or under-subscribed by the original shareholders or employees, the Chairman is authorized to contact the specific persons to subscribe at the issue price.

(B) In accordance with Article 6 of the "the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies Offering and Issuing Securities", the issue price of common shares shall not be less than 70% of the average of the closing prices of the common shares calculated on the basis of a simple arithmetic average price for a choice of the previous one, three or five business days, less the ex-rights (or ex-rights on capital reduction) and ex-dividend of the gratis allotment of shares, as reported to the FSC and for the five business days prior to the ex-rights date. The actual issue price shall be agreed between the Board and the Underwriter after the end of the book building period, taking into account the market conditions.

4. The entitlement and obligations to the above new shares issued by cash capital increase is the same as that of the issued shares.

5. The proceeds from the cash capital increase through the issuance of ordinary shares are intended to replenish the working capital and to meet the capital requirements for future development and to enhance the operating efficiency, which should positively contribute to the future development of the Company.

6. The Board of Directors is authorized to determine the important details of the cash capital increase plan, including the issue price, the number of shares to be issued, the terms and conditions of the offering, the projects, the amount to be raised, the forecasts, and the anticipated benefits to be generated. The Chairman is also authorized to handle all matters related to the cash capital increase subject to the approval of the competent authorities and any changes based on operational assessment or objective factors.
  7. The Chairman shall be authorized to determine the record date for the subscription of new shares, the payment period and the record date for the capital increase when the proposal for the cash capital increase is approved by the competent authority.
  8. The Board of Directors shall be authorized to handle the issuance of the aforementioned cash capital increase in the event that the issuance method is required to be amended in accordance with changes in laws and regulations or due to the objective factors.
- (III) To conduct a public offering for cash capital increase through the issuance of common shares in order to participate in the issuance of global depositary receipts ("GDRs").
1. The cash capital increase through the issuance of ordinary shares to participate in the issuance of global depositary receipts ("GDRs") will not only retain 10% to 15% of the total number of new shares to be issued for subscription by the Company's employees in accordance with Article 267 of the Company Act, but the remaining 85% to 90% will be proposed to the shareholders' meeting for public offering in the form of GDRs in accordance with Article 28-1 of the Securities and Exchange Act. For the subscription portion that has been renounced or under-subscribed by the employees, the Chairman is authorized to contact specific persons to subscribe or may be included in the GDR issue at its original price depending on market needs.
  2. In accordance with Article 9 of the "the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies Offering and Issuing Securities", the issue price of common shares participating in the issuance of ODRs shall not be less than 90% of the average of the closing prices of the ordinary shares calculated on the basis of a simple arithmetic average price for a choice of the previous one, three or five business days, less the ex-rights (or ex-rights on capital reduction) and ex-dividend of the gratis allotment of shares. Given that the market price may fluctuate significantly in the short term, it is proposed that the Chairman is authorized to determine the actual issue price in accordance with international practice, with the reference to international capital markets,

domestic share prices and the book building, and jointly discuss it with the underwriters based on market conditions. However, if the relevant laws in Taiwan change, the pricing method may also be adjusted in accordance with the law. The cash capital increase through the issuance of ordinary shares was priced in accordance with the relevant laws and regulations and the market practices. Therefore, the issue price was set at a reasonable rate. The original shareholders are still able to purchase the ordinary shares in the domestic stock market at close to the issue price of the GDRs, without exposure to foreign exchange risk and liquidity risk.

3. The terms, number and price of the issue, the amount of the issue, the plan for the use of funds, the forecast, the expected benefits, the selection of the underwriter and all other related matters shall be submitted to the shareholders' meeting to authorize the Board of Directors to handle these issues with full authority; provided that the same shall apply if the competent authority has approved or if there is a need to amend these issues due to other circumstances.
  4. The cap on the number of common shares to be increased by this offering is thirty-five million shares, and the maximum dilution ratio to the original shareholders is 9.99%, which should not have a significant influence on the original shareholders' equity. The proceeds from the cash capital increase through the issuance of ordinary shares to participate in the issuance of GDRs were used to replenish the working capital and to meet the capital requirements for future development and to enhance the operating efficiency, which should positively contribute to the future development of the Company.
  5. The entitlement and obligations to the new shares issued in this case shall be the same as the original shares issued.
  6. Upon approval by the competent authority, the Board of Directors shall be authorized to handle matters relating to the new shares issued.
- (IV) To conduct the private placement of securities (in accordance with Article 43-6, paragraph 6 of the Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities), as described below:
1. The basis and reasonableness of the private placement pricing:
    - (A) The actual issue price per share of common stock in the private placement shall be set at not less than 80% of the reference price, which shall be the higher of:
      - (a) the average of the closing prices of the ordinary stock on a simple arithmetic basis for a choice of one, three or five business days prior to the pricing date, less the ex-rights and dividends of the gratis allotment and after adding back the capital reduction and ex-rights;
      - (b) The closing prices of the common stock on a simple arithmetic basis for

30 business days prior to the pricing date, less the ex-rights and dividends of the gratis allotment and after adding back the capital reduction and ex-rights.

In the future, it is possible that the price of a private placement may be lower than the par value of the shares. However, it is reasonable to assume that the price of a private placement may be lower than the par value, as required by the current legislation. If, in the future, the ordinary share price of a private placement remains below the par value of the shares due to market factors, the stockholders' equity will be subject to a cumulative loss arising from the difference between the actual private placement price and the par value, which will be eliminated depending on the future operations of the Company. The actual pricing date and the actual price of the private placement are proposed to the shareholders' meeting for resolution and the Board of Directors is authorized to determine the price based on market and company conditions and the selection of strategic investors. In addition to complying with the relevant provisions of the "Directions for Public Companies Conducting Private Placements of Securities ", the above-mentioned basis for setting the price of private placements should be reasonable, considering that there are restrictions on the objects and the number of securities that can be transferred within three years from the date of delivery of private placements, and that no additional public offerings or listings can be reported to the competent authorities before three years of the delivery date.

- (B) The issue price of private placement of convertible corporate bonds shall not be less than 80% of the theoretical price. The theoretical price will be determined by a pricing model that considers the rights included in the terms of the issuance. The conversion price of the privately placed convertible corporate bonds are priced as the privately placed common shares. If, in the future, the actual price per share is lower than the par value of the shares due to changes in the securities market, the price is set in accordance with the pricing basis regulated by law and reflects the market price, which is necessary in order to raise funds for the long-term stable growth of the Company. In the event that the price per share is lower than the par value, resulting in an increase in accumulated losses that affects shareholders' equity, the Company will, depending on its operations and market conditions, submit a proposal to the Board of Directors for a resolution to make up the losses through capital reduction, earnings, additional paid-in capital or other statutory instruments.
- (C) In order to maintain greatest flexibility in the issuance, the pricing date, the

actual reference price and the theoretical price, as well as the actual issuance price and the terms of the issuance (including the coupon rate, the conversion price, the conversion period and the method) have not yet been determined, and it is proposed to request the shareholders' meeting to authorize the board of directors to determine them based on the capital market conditions and the selection of strategic investors. In addition to complying with the relevant provisions of the "Directions for Public Companies Conducting Private Placements of Securities ", the above-mentioned basis for setting the price of private placements should be reasonable, considering that there are restrictions on the objects and the number of securities that can be transferred within three years from the date of delivery of private placements, and that no additional public offerings or listings can be reported to the competent authorities before three years of the delivery date.

2. The method for selecting the specific persons: The strategic investors who meet the eligible criteria stipulated in Article 43-6, paragraph 1 of the Securities and Exchange Act and who can assist the Company in improving technology and quality, reducing costs, increasing efficiency and expanding markets, and who share the Company's business philosophy. The purpose, necessity and anticipated benefits of the strategic investors that meet the aforementioned criteria are to assist the Company in achieving the aforementioned benefits through the technology, knowledge or access of such strategic investors as required for the long-term development of the Company. Matters relating to the selection of specific persons are proposed to the Shareholders' meeting to authorize the board of directors to do so in its full authority.
3. Reasons for the necessity of conducting a private placement:
  - (A) Reasons for not using a public offering: The Company considers the capital market conditions, the timeliness and feasibility of raising capital, the cost of issuance and the actual need to bring in strategic investors. The private placement of securities, which is non-transferable for three years, will ensure a long-term relationship between the Company and its strategic investors; and by authorizing the Board of Directors to conduct the private placement in accordance with the actual needs of the Company's operations, it will effectively enhance the Company's flexibility and mobility in raising capital and therefore it is proposed to issue securities by way of private placement instead of public offering.
  - (B) Use of funds for private placements and anticipated benefits: Depending on the market conditions and the specific person's status, the Company will conduct the private placements in one or several times (up to a maximum of

three times), and the proceeds from each private placement will be used to replenish the working capital. Each of the private placements is expected to strengthen the Company's competitiveness, enhance the operating efficiency and financial structure, which will have a positive influence on shareholders' equity.

4. The restrictions on the private placement of securities (including overseas securities) shall be in accordance with Article 43-8 of the Securities and Exchange Act and the relevant regulations of the competent authorities.
  5. The shareholders' meeting shall authorize the Board of Directors to handle the material contents of this proposal, including but not limited to the issue price, the number of shares to be issued, the terms and conditions of the issue, the proceeds, the plan for the use of funds, the forecast, the anticipated benefits to be generated, and other unresolved matters; the same shall apply if approved by the competent authorities or if there is a need for amendment due to other circumstances.
- (V) In connection with the public offering of ordinary shares, or the issuance of new shares to participate in the GDRs, or the private placement of ordinary shares, or the issuance of overseas or domestic convertible corporate bonds, it is proposed that the shareholders' meeting shall authorize the chairman of the board of directors or his designee to sign and negotiate all deeds and documents on behalf of the Company and to do all things necessary for the Company related to the public offering or the private placement.
- (VI) For this private placement of the overseas or domestic convertible corporate bonds, it is explained in the proposal that the issuance price of the privately placed convertible corporate bonds is not lower than 80% of the reference price, and complying with the laws and regulations; provided, the strategic partners are not yet confirmed, the Board will determine the issuance conditions, coupon rate, and other related conditions depending on the market issuance conditions and the confirmation of the strategic partners upon the approval of this shareholders' meeting.
- (VII) The Chairman is hereby authorized to handle all matters not covered by this Statement in accordance with the law.

Resolution:

**Proposal 3: Proposal to relieve the newly elected directors and their representatives from the non-competition restrictions. (Proposed by the board of directors)**

Description: (I) According to Article 209 of the Company Act, for directors who fall under the Company's business scope on their own behalf or on the behalf of others, it should be important for the shareholders meeting to clarify this and obtain its

permission.

- (II) In accordance with the Ministry of Economic Affairs' letter No. 89206938 dated April 24, 2000, when a corporate shareholder has authorized a representative to be elected as a director in accordance with Article 27, Paragraph 2 of the Company Act, both the representative and the corporate shareholder shall be subject to the prohibition on directors from participation in competitive business in order to comply with the intent of Article 209 of the Company Act.
- (III) To utilize the expertise and related experience of the Company's directors, it is proposed to relieve the directors and their representatives from the non-competition restrictions.

<b>Director</b>	<b>Name and position concurrently held at other company</b>
CHENG MING CHIH	Director of Rafael Microelectronics, Inc.
CHENG DAVID	Chairman of Rafael Microelectronics, Inc. CSO of QuantumZ Inc.
LIN PEI JU	Director of Rafael Microelectronics, Inc.
Huang Shui Tung	Independent Director of Rafael Microelectronics, Inc.
Anson Tseng	Independent Director of Rafael Microelectronics, Inc.
Taipeng Development Co., Ltd. Representative : JJ Chen.	CEO of Rafael Microelectronics, Inc. Consultant of QuantumZ Inc.

Resolution:

## **Motions**

## **Adjournment**

# **Attachment I**

**FLEXIUM INTERCONNECT, INC.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT  
DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



## **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of FLEXIUM INTERCONNECT, INC. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of FLEXIUM INTERCONNECT, INC. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, FLEXIUM INTERCONNECT, INC. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,  
FLEXIUM INTERCONNECT, INC.  
By

Ming-Chi Cheng, Chairman  
February 15, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000569

To the Board of Directors and Shareholders of Flexium Interconnect, Inc.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Flexium Interconnect, Inc. and subsidiaries (the “Group”) as at December 31, 2023 and 2022 and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of the other auditors (please refer to *Other Matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in

forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

### **Key audit matter - Valuation of impairment of accounts receivable**

#### Description

For the accounting policies on accounts receivable, please refer to Note 4(10). For the uncertainty of accounting estimates and assumptions in relation to accounts receivable, please refer to Note 5(2). For the details of net accounts receivable, please refer to Note 6(5).

The criteria that the Group uses to measure expected credit loss includes the aging of accounts receivable past due, financial situation of customers, internal credit ranking and historical transaction records. Based on this criterion, the Group estimates the amounts of allowance for accounts receivable that the Group has to provision. As the estimates are subject to management's judgement and involves uncertainty, the recoverable amount may be significantly affected. Thus, we consider the valuation of impairment of accounts receivable as one of the key audit matters.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the Group's operation and sales customers. Assessed the reasonableness of policies and process applied in allowance for accounts receivable, including the objective evidence for the loss rate and compared whether the provision policies adopted in the different periods are consistently applied.
- B. Verified the consistency between the expected credit loss in the past due period for each group applied in calculating allowance for accounts receivable and the provision policies.
- C. Verified the accuracy of the classification for accounts receivable aging to confirm that the information in the reports is consistent with its policies.
- D. Sampled and performed subsequent collection tests for material accounts receivable and evaluated their recoverability.

### **Key audit matter - Inventory valuation**

#### Description

For the accounting policies on inventory valuation, please refer to Note 4(14). For the uncertainty of accounting estimates and assumptions in relation to inventory valuation, please refer to Note 5(2). For the details of inventory, please refer to Note 6(6).

The Group is primarily engaged in manufacturing and sales of flexible print circuit board which belongs to a rapidly changing industry and is easily affected by the market price. Thus, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group determines inventory value using the item-by-item approach and recognised at the lower of cost and net realisable value. For inventory that is over a certain age, the net realised value was calculated from the historical experience of disposing old inventories.

The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement and involves uncertainty. Considering the Group's inventory balance and the allowance for inventory valuation losses are material to its financial statements, we consider the inventory valuation as one of the key audit matters.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the Group's operation and industry. Assessed the reasonableness of the policy and procedures applied to recognise allowance for inventory evaluation losses and whether the accounting policy has been consistently applied in the comparative periods of financial statements.
- B. Understood the Group's inventory control procedures. Participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Sampled and verified the accuracy of inventory aging calculation, confirmed and verified the reasonableness of obsolete inventories identification, the basis of net realisable value valuation of inventories to assess the reasonableness of provision of allowance for inventory valuation losses.

### **Key audit matter - Business combination transactions**

#### Description

On November 23, 2023, the Group acquired ordinary shares of Rafael Microelectronics, Inc. in the amount of NT\$ 1,567,736 thousand through a merger transaction. The Group adopted the acquisition method to account for the business combination. Refer to Note 4(34) to the consolidated financial statements for relevant explanations. The allocation of acquisition price was valued based on the price allocation report from the external expert engaged by management. Refer to Note 6(31) for the measurement and allocation of the acquisition price to the acquired identifiable assets of the acquired company.

As the allocation of the purchase price involved important estimates by the management and the

amount of mergers and acquisitions in this year was significant, we considered business combination transactions of a subsidiary as one of the key audit matters.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the internal control procedures over the Company's investment transactions, and reviewed the related documents prepared by the Board of Directors to verify whether the investment was made in accordance with related procedures.
2. Examined the merger and acquisition transaction contract, verified the payment instrument and confirmed the purchase consideration.
3. Obtained the purchase price allocation of the mergers and acquisitions, assessed the independence of the expert appointed by management, reviewed the data used in the report and assessed the appraisal methods and the significant assumptions used in the report to evaluate the reasonableness of the purchase price allocations.

#### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries and investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the financial statements, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for using equity method amounted to NT\$1,593,666 thousand, constituting 4% of the consolidated total assets as at December 31, 2023, and operating revenue amounted to NT\$61,372 thousand, constituting 0.19% of the consolidated total operating revenue for the year then ended. Related share of loss of associates and joint ventures accounted for using equity method amounted to (NT\$146) thousand, constituting (0.01%) of the consolidated total comprehensive income for the periods from November 23, 2023 to December 31, 2023.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with a other matter paragraph on the parent company only financial statements of Flexium Interconnect, Inc. and an unqualified opinion as of and for the years ended December 31, 2023 and 2022.

## ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Liao, A-Shen

Wang, Chun-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 15, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



**FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 6,000,287	15	\$ 12,653,297	27
1110	Financial assets at fair value through profit or loss - current	6(2)	1,899,473	5	892,247	2
1136	Financial assets at amortised cost - current	6(4)	2,391,202	6	1,848,360	4
1170	Accounts receivable, net	6(5)	4,783,457	12	6,029,307	13
1200	Other receivables		109,101	-	121,461	-
1220	Current tax assets		74,503	-	620	-
130X	Inventories	6(6)	3,857,923	9	4,838,714	11
1410	Prepayments		367,741	1	353,881	1
1470	Other current assets		40,220	-	451	-
11XX	<b>Current Assets</b>		<u>19,523,907</u>	<u>48</u>	<u>26,738,338</u>	<u>58</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	95,654	-	92,124	-
1550	Investments accounted for using equity method	6(7)	6,239	-	-	-
1600	Property, plant and equipment	6(8)(11)	17,407,479	43	17,389,321	38
1755	Right-of-use assets	6(9)	1,011,720	3	1,098,202	3
1780	Intangible assets	6(10)	2,044,506	5	25,597	-
1840	Deferred tax assets	6(29)	128,951	1	139,564	-
1900	Other non-current assets	6(12) and 8	77,970	-	637,522	1
15XX	<b>Non-current assets</b>		<u>20,772,519</u>	<u>52</u>	<u>19,382,330</u>	<u>42</u>
1XXX	<b>Total assets</b>		<u>\$ 40,296,426</u>	<u>100</u>	<u>\$ 46,120,668</u>	<u>100</u>

(Continued)

**FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 49	-	\$ 19,689	-
2130	Current contract liabilities	6(22)	8,125	-	-	-
2170	Accounts payable		4,023,701	10	5,319,859	12
2200	Other payables	6(13)	3,446,379	8	5,494,264	12
2230	Current income tax liabilities		1,067,997	3	1,314,117	3
2280	Current lease liabilities		27,193	-	122,782	-
2320	Long-term liabilities, current portion	6(14)(15)	1,047,888	3	4,183,228	9
2399	Other current liabilities		61,079	-	48,563	-
21XX	<b>Current Liabilities</b>		<u>9,682,411</u>	<u>24</u>	<u>16,502,502</u>	<u>36</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(15)	1,792,559	5	2,638,988	6
2570	Deferred tax liabilities	6(29)	1,694,029	4	1,446,418	3
2580	Non-current lease liabilities		46,416	-	558,704	1
2600	Other non-current liabilities	6(16)	23,543	-	27,176	-
25XX	<b>Non-current liabilities</b>		<u>3,556,547</u>	<u>9</u>	<u>4,671,286</u>	<u>10</u>
2XXX	<b>Total Liabilities</b>		<u>13,238,958</u>	<u>33</u>	<u>21,173,788</u>	<u>46</u>
<b>Equity attributable to owners of parent</b>						
Share capital 6(14)(17)(18)						
3110	Share capital - common stock		3,225,010	8	3,227,909	7
Capital surplus 6(14)(19)						
3200	Capital surplus		778,955	1	1,579,870	3
Retained earnings 6(20)						
3310	Legal reserve		2,708,045	7	2,609,073	6
3320	Special reserve		328,092	1	477,174	1
3350	Unappropriated retained earnings		18,866,116	47	17,548,594	38
Other equity interest 6(21)						
3400	Other equity interest		( 514,023)	( 1)	( 495,740)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>25,392,195</u>	<u>63</u>	<u>24,946,880</u>	<u>54</u>
36XX	<b>Non-controlling interests</b>		1,665,273	4	-	-
3XXX	<b>Total equity</b>		<u>27,057,468</u>	<u>67</u>	<u>24,946,880</u>	<u>54</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 40,296,426</u>	<u>100</u>	<u>\$ 46,120,668</u>	<u>100</u>

**FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

				Year ended December 31			
				2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22)		\$ 32,728,862	100	\$ 40,070,122	100
5000	Operating costs	6(6)(10)(27)(28)		( 27,875,335)	( 85)	( 33,247,051)	( 83)
5900	Net operating margin			4,853,527	15	6,823,071	17
	Operating expenses	6(10)(27)(28)					
6100	Selling expenses			( 231,512)	( 1)	( 275,995)	( 1)
6200	General and administrative expenses			( 1,069,999)	( 3)	( 959,217)	( 2)
6300	Research and development expenses			( 1,914,074)	( 6)	( 2,050,930)	( 5)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)		( 375)	-	( 6,595)	-
6000	Total operating expenses			( 3,215,960)	( 10)	( 3,292,737)	( 8)
6900	Operating profit			1,637,567	5	3,530,334	9
	Non-operating income and expenses						
7100	Interest income	6(4)(23)		395,678	1	287,882	1
7010	Other income	6(24)		294,424	1	79,301	-
7020	Other gains and losses	6(2)(11)(25)		60,040	-	451,986	1
7050	Finance costs	6(26)		( 59,387)	-	( 37,916)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)		( 146)	-	-	-
7000	Total non-operating income and expenses			690,609	2	781,253	2
7900	<b>Profit before income tax</b>			2,328,176	7	4,311,587	11
7950	Income tax expense	6(29)		( 272,453)	( 1)	( 790,030)	( 2)
8200	<b>Profit for the year</b>			\$ 2,055,723	6	\$ 3,521,557	9
	<b>Other comprehensive income</b>						
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans	6(16)		\$ 590	-	\$ 6,779	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(21)		-	-	9,054	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations	6(21)		( 185,885)	-	140,028	-
8300	<b>Total other comprehensive (loss) income</b>			( \$ 185,295)	-	\$ 155,861	-
8500	<b>Total comprehensive income</b>			\$ 1,870,428	6	\$ 3,677,418	9
	Profit (loss) attributable to:						
8610	Owners of parent			\$ 2,066,725	6	\$ 3,521,557	9
8620	Non-controlling interests			( 11,002)	-	-	-
				\$ 2,055,723	6	\$ 3,521,557	9
	Comprehensive income (loss) attributable to:						
8710	Owners of parent			\$ 1,881,430	6	\$ 3,677,418	9
8720	Non-controlling interests			( 11,002)	-	-	-
				\$ 1,870,428	6	\$ 3,677,418	9
	Earnings per share	6(30)					
9750	Basic earnings per share			\$ 6.45		\$ 10.83	
9850	Diluted earnings per share			\$ 6.37		\$ 9.94	

**FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent									
	Share capital - common stock	Capital surplus	Retained Earnings			Other equity interest	Treasury stocks	Total	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings					
<b>Year ended December 31, 2022</b>										
Balance at January 1, 2022	\$ 3,513,309	\$ 3,048,710	\$ 2,417,676	\$ 428,325	\$ 16,799,119	\$ 522,685	\$ -	\$ 25,684,454	\$ -	\$ 25,684,454
Profit for the year	-	-	-	-	3,521,557	-	-	3,521,557	-	3,521,557
Other comprehensive income	6(21)	-	-	-	6,779	149,082	-	155,861	-	155,861
Total comprehensive income	-	-	-	-	3,528,336	149,082	-	3,677,418	-	3,677,418
Appropriation and distribution of 2021 earnings:										
Legal reserve	-	-	191,397	-	191,397	-	-	-	-	-
Special reserve	-	-	-	48,849	48,849	-	-	-	-	-
Cash dividends from capital surplus	6(19)	1,593,170	-	-	-	-	-	1,593,170	-	1,593,170
Share-based payments transactions	6(17)(18)(19)(21)	14,600	210,160	-	-	122,137	-	102,623	-	102,623
Purchase of treasury share	6(18)	-	-	-	-	-	2,924,445	2,924,445	-	2,924,445
Retirement of treasury share	6(18)	300,000	85,830	-	-	2,538,615	-	2,924,445	-	-
Balance at December 31, 2022	\$ 3,227,909	\$ 1,579,870	\$ 2,609,073	\$ 477,174	\$ 17,548,594	\$ 495,740	\$ -	\$ 24,946,880	\$ -	\$ 24,946,880
<b>Year ended December 31, 2023</b>										
Balance at January 1, 2023	\$ 3,227,909	\$ 1,579,870	\$ 2,609,073	\$ 477,174	\$ 17,548,594	\$ 495,740	\$ -	\$ 24,946,880	\$ -	\$ 24,946,880
Profit for the year	-	-	-	-	2,066,725	-	-	2,066,725	11,002	2,055,723
Other comprehensive income (loss)	6(21)	-	-	-	590	185,885	-	185,295	-	185,295
Total comprehensive income	-	-	-	-	2,067,315	185,885	-	1,881,430	11,002	1,870,428
Appropriation and distribution of 2022 earnings:										
Legal reserve	-	-	98,972	-	98,972	-	-	-	-	-
Special reserve	-	-	-	149,082	149,082	-	-	-	-	-
Cash dividends	6(20)	-	-	-	799,903	-	-	799,903	-	799,903
Cash dividends from capital surplus	6(19)	-	799,903	-	-	-	-	799,903	-	799,903
Share-based payments transactions	6(17)(18)(19)(21)	2,899	972	-	-	167,602	-	163,731	-	163,731
Return of unclaimed dividends to shareholders	6(19)	-	40	-	-	-	-	40	-	40
Non-controlling interests arising from a business combination	-	-	-	-	-	-	-	-	1,676,275	1,676,275
Balance at December 31, 2023	\$ 3,225,010	\$ 778,955	\$ 2,708,045	\$ 328,092	\$ 18,866,116	\$ 514,023	\$ -	\$ 25,392,195	\$ 1,665,273	\$ 27,057,468

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		2,328,176	4,311,587
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(17)	163,731	102,623
Expected credit loss	12(2)	375	6,595
Provision for allowance for sales returns and discounts		675	110
Depreciation expense	6(8)(9)(27)	2,964,306	2,667,536
Amortization expense	6(10)(27)	33,396	16,367
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(25)	38,509	11,703
Interest expense	6(26)	59,387	37,916
Interest income	6(23)	395,678	287,882
Dividend income	6(24)	85	1,892
Share of profit of associates and joint ventures accounted for using equity method	6(7)	146	-
Losses on repurchase of corporate bonds	6(25)	16,072	-
Loss on disposal of property, plant and equipment	6(25)	3,437	18,217
(Reversal of) impairment loss on property, plant and equipment	6(11)(25)	1,127	74,541
Unrealized profit from sales		383	-
Changes in operating assets and liabilities			
Changes in operating assets			
(Increase) decrease in financial assets at fair value-current		89,008	20,205
(Increase) decrease in financial assets at amortised cost-current		528,142	5,477,060
Decrease in notes receivable		-	23
Decrease in accounts receivable		1,306,060	2,567,923
Decrease in other receivables		23,167	140,577
Decrease in inventories		1,372,266	363,544
(Increase) decrease in prepayments		9,003	136,339
Increase in other current assets		39,753	207
Changes in operating liabilities			
Increase in contract liabilities		1,551	-
Decrease in accounts payable		1,367,675	584,912
Decrease in other payable		1,041,499	734,196
Increase in other current liabilities, others		12,101	5,212
Cash inflow generated from operations		4,851,768	14,348,989
Interest received		371,842	134,191
Dividends received		85	1,892
Interest paid		62,197	21,997
Income tax paid		597,407	749,431
Net cash flows from operating activities		4,564,091	13,713,644

(Continued)

**FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets mandatorily measured at fair value through profit or loss - current		( \$ 3,758,777 )	( \$ 14,061,941 )
Proceeds from disposal of financial assets mandatorily measured at fair value through profit or loss - current		3,100,031	16,068,611
Acquisition of property, plant and equipment (including prepayment for equipment and for land purchases)	6(32)	( 3,416,153 )	( 5,881,634 )
Proceeds from disposal of property, plant and equipment		8,039	18,905
Acquisition of intangible assets	6(10)	( 10,919 )	( 28,037 )
Decrease in refundable deposits		249,669	51,206
Net cash outflow on acquisitions of subsidiaries		( 1,081,265 )	-
Interest received		82,028	152,996
Net cash flows used in investing activities		( 4,827,347 )	( 3,679,894 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term loans	6(33)	3,292,059	886,768
Decrease in short-term loans	6(33)	( 3,295,058 )	( 878,503 )
Repayments of principal portion of lease liabilities	6(33)	( 693,616 )	( 336,840 )
Repayments of corporate bonds	6(33)	( 3,157,836 )	-
Repayments of long-term borrowings	6(33)	( 846,429 )	( 414,583 )
Decrease in other non-current liabilities		( 3,043 )	( 1,854 )
Payments to acquire treasury shares	6(18)	-	( 2,924,445 )
Cash dividends and cash dividends from capital surplus	6(19)(20)	( 1,599,806 )	( 1,593,170 )
Return of unclaimed dividends to shareholders	6(19)	( 40 )	-
Net cash flows used in financing activities		( 6,303,769 )	( 5,262,627 )
Effect of exchange rate changes on cash and cash equivalents		( 85,985 )	( 14,101 )
Net (decrease) increase in cash and cash equivalents		( 6,653,010 )	4,757,022
Cash and cash equivalents at beginning of year	6(1)	12,653,297	7,896,275
Cash and cash equivalents at end of year	6(1)	<u>\$ 6,000,287</u>	<u>\$ 12,653,297</u>

## **Attachment II**

**FLEXIUM INTERCONNECT, INC.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS'  
REPORT  
DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000456

To the Board of Directors and Shareholders of Flexium Interconnect, Inc.

### ***Opinion***

We have audited the accompanying balance sheets of Flexium Interconnect, Inc. (the “Company”) as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of the other auditors (please refer to *Other Matter* section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the current period are stated as follows:



## **Key audit matter - Valuation of impairment of accounts receivable**

### Description

For the accounting policies on accounts receivable, please refer to Note 4(8). For the uncertainty of accounting estimates and assumptions in relation to accounts receivable, please refer to Note 5(2). For the details of net accounts receivable, please refer to Note 6(4).

The criteria that the Company uses to measure expected credit loss includes the aging of accounts receivable past due, financial situation of customers, internal credit ranking and historical transaction records. Based on this criterion, the Company estimates the amounts of allowance for accounts receivable that the Company has to provision. As the estimates are subject to management's judgement and involves uncertainty, the recoverable amount may be significantly affected. Thus, we consider the valuation of impairment of accounts receivable as one of the key audit matters.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the Company's operation and sales customers. Assessed the reasonableness of policies and process applied in allowance for accounts receivable, including the objective evidence for the loss rate and compared whether the provision policies adopted in the different periods are consistently applied.
- B. Verified the consistency between the expected credit loss in the past due period for each group applied in calculating allowance for accounts receivable and the provision policies.
- C. Verified the accuracy of the classification for accounts receivable aging to confirm that the information in the reports is consistent with its policies.
- D. Sampled and performed subsequent collection tests for material accounts receivable and evaluated their recoverability.

## **Key audit matter - Inventory valuation**

### Description

For the accounting policies on inventory valuation, please refer to Note 4(12). For the uncertainty of accounting estimates and assumptions in relation to inventory valuation, please refer to Note 5(2). For the details of inventory, please refer to Note 6(5).

The Company is primarily engaged in manufacturing and sales of flexible print circuit board which belongs to a rapidly changing industry and is easily affected by the market price. Thus, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company determines inventory value using the item-by-item approach and recognised at the lower of cost and net realisable value. For inventory that is over a certain age, the net realised value was calculated from the historical experience of disposing old inventories.

The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement and involves uncertainty. Considering the Company's inventory balance and the allowance for inventory valuation losses are material to its financial statements, we consider the inventory valuation as one of the key audit matters.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the Company's operation and industry. Assessed the reasonableness of the policy and procedures applied to recognise allowance for inventory evaluation losses and whether the accounting policy has been consistently applied in the comparative periods of financial statements.
- B. Understood the Company's inventory control procedures. Participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Sampled and verified the accuracy of inventory aging calculation, confirmed and verified the reasonableness of obsolete inventories identification, the basis of net realisable value valuation of inventories to assess the reasonableness of provision of allowance for inventory valuation losses.

### **Key audit matter - Investments accounted for using equity method – Business combination transactions**

#### Description

Refer to Note 4(14) for the accounting policies on investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

On November 23, 2023, the Company acquired ordinary shares of Rafael Microelectronics, Inc. in the amount of NT\$ 1,567,736 thousand through a merger transaction. As the allocation of the acquisition price involved important estimates by the management and the amount of mergers and acquisitions in this year was significant, we considered the business combination transactions of subsidiary as one of the key audit matters.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed the internal control procedures over the Company's investment transactions, and reviewed the related documents prepared by the Board of Directors to verify whether the investment was made in accordance with related procedures.
- B. Examined the merger and acquisition transaction contract, verified the payment instrument and

confirmed the purchase consideration.

- C. Obtained the purchase price allocation of the mergers and acquisitions, assessed the independence of the expert appointed by management, reviewed the data used in the report and assessed the appraisal methods and the significant assumptions used in the report to evaluate the reasonableness of the purchase price allocations.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the financial statements, is based solely on the reports of the other auditors. The balance of these investments accounted for using equity method amounted to NT\$1,563,026 thousand, constituting 4% of the total assets as at December 31, 2023, and the comprehensive loss recognised from share of profit of associates and joint ventures accounted for using equity method amounted to NT\$4,715 thousand, constituting (0.25%) of the total comprehensive income for the period from November 23, 2023 to December 31, 2023.

### ***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence

the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Liao, A-Shen

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Wang, Chun-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 15, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FLEXIUM INTERCONNECT, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 3,983,939	10	\$ 11,242,661	23
1110	Financial assets at fair value through profit or loss - current	6(2)	7,125	-	-	-
1136	Financial assets at amortised cost - current	6(4)	2,156,461	6	1,848,360	4
1170	Accounts receivable, net	6(5)	4,703,971	12	6,011,340	12
1180	Accounts receivable due from related parties, net	6(5) and 7	2,018,876	5	3,245,449	7
1200	Other receivables		73,903	-	114,738	-
1210	Other receivables due from related parties	7	100,657	-	1,245,393	3
1220	Current tax assets		74,503	-	620	-
130X	Inventories	6(6)	950,972	3	1,727,524	4
1410	Prepayments		52,981	-	43,936	-
1470	Other current assets		294	-	9	-
11XX	<b>Current Assets</b>		<u>14,123,682</u>	<u>36</u>	<u>25,480,030</u>	<u>53</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	92,124	-	92,124	-
1550	Investments accounted for using equity method	6(7)	13,138,608	34	10,684,984	22
1600	Property, plant and equipment	6(8)(11) and 7	11,425,863	30	11,727,404	24
1755	Right-of-use assets	6(9)	24,639	-	1,790	-
1780	Intangible assets	6(10)	20,329	-	22,662	-
1840	Deferred tax assets	6(29)	41,706	-	74,327	-
1900	Other non-current assets	6(12) and 8	7,078	-	371,779	1
15XX	<b>Non-current assets</b>		<u>24,750,347</u>	<u>64</u>	<u>22,975,070</u>	<u>47</u>
1XXX	<b>Total assets</b>		<u>\$ 38,874,029</u>	<u>100</u>	<u>\$ 48,455,100</u>	<u>100</u>

(Continued)

FLEXIUM INTERCONNECT, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2120	Financial liabilities at fair value	6(2)				
	through profit or loss - current		\$ -	-	\$ 3,769	-
2170	Accounts payable		895,528	2	770,909	2
2180	Accounts payable to related parties	7	6,152,475	16	11,506,236	24
2200	Other payables	6(13) and 7	1,095,392	3	1,706,943	3
2230	Current income tax liabilities		977,586	2	1,202,936	2
2280	Current lease liabilities		5,891	-	1,708	-
2320	Long-term liabilities, current portion	6(14)(15)	1,047,888	3	4,183,228	9
2399	Other current liabilities, others		29,564	-	24,473	-
21XX	<b>Current Liabilities</b>		<u>10,204,324</u>	<u>26</u>	<u>19,400,202</u>	<u>40</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(15)	1,792,559	5	2,638,988	6
2570	Deferred tax liabilities	6(29)	1,445,715	4	1,446,418	3
2580	Non-current lease liabilities		18,843	-	118	-
2600	Other non-current liabilities	6(16)	20,393	-	22,494	-
25XX	<b>Non-current liabilities</b>		<u>3,277,510</u>	<u>9</u>	<u>4,108,018</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>13,481,834</u>	<u>35</u>	<u>23,508,220</u>	<u>49</u>
<b>Equity</b>						
	Share capital	6(14)(17)(18)				
3110	Share capital - common stock		3,225,010	8	3,227,909	7
	Capital surplus	6(14)(19)				
3200	Capital surplus		778,955	2	1,579,870	3
	Retained earnings	6(20)				
3310	Legal reserve		2,708,045	7	2,609,073	5
3320	Special reserve		328,092	1	477,174	1
3350	Unappropriated retained earnings		18,866,116	48	17,548,594	36
	Other equity interest	6(21)				
3400	Other equity interest		( 514,023)	( 1)	( 495,740)	( 1)
3XXX	<b>Total equity</b>		<u>25,392,195</u>	<u>65</u>	<u>24,946,880</u>	<u>51</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 38,874,029</u>	<u>100</u>	<u>\$ 48,455,100</u>	<u>100</u>

**FLEXIUM INTERCONNECT, INC.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 32,613,577	100	\$ 40,001,113	100
5000	Operating costs	6(6)(10)(27)(28) and 7	( 30,403,764)	( 93)	( 36,607,903)	( 92)
5900	Net operating margin		<u>2,209,813</u>	<u>7</u>	<u>3,393,210</u>	<u>8</u>
	Operating expenses	6(10)(27)(28) and 7				
6100	Selling expenses		( 102,342)	-	( 128,919)	-
6200	General and administrative expenses		( 521,078)	( 2)	( 488,733)	( 1)
6300	Research and development expenses		( 766,700)	( 2)	( 699,783)	( 2)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	( 1,450)	-	( 6,595)	-
6000	Total operating expenses		( 1,391,570)	( 4)	( 1,324,030)	( 3)
6900	Operating profit		<u>818,243</u>	<u>3</u>	<u>2,069,180</u>	<u>5</u>
	Non-operating income and expenses					
7100	Interest income	6(4)(23) and 7	236,892	1	139,683	-
7010	Other income	6(24) and 7	103,943	-	106,099	-
7020	Other gains and losses	6(2)(11)(25)	75,229	-	639,481	2
7050	Finance costs	6(26)	( 20,526)	-	( 27,847)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	<u>1,051,551</u>	<u>3</u>	<u>1,179,933</u>	<u>3</u>
7000	Total non-operating income and expenses		<u>1,447,089</u>	<u>4</u>	<u>2,037,349</u>	<u>5</u>
7900	<b>Profit before income tax</b>		<u>2,265,332</u>	<u>7</u>	<u>4,106,529</u>	<u>10</u>
7950	Income tax expense	6(29)	( 198,607)	( 1)	( 584,972)	( 1)
8200	<b>Profit for the year</b>		<u>\$ 2,066,725</u>	<u>6</u>	<u>\$ 3,521,557</u>	<u>9</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans	6(16)	\$ 590	-	\$ 6,779	-
8316	Unrealised income from investments in equity instruments measured at fair value through other comprehensive income	6(3)(21)	-	-	9,054	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(21)	( 185,885)	-	140,028	-
8300	<b>Total other comprehensive (loss) income</b>		<u>(\$ 185,295)</u>	<u>-</u>	<u>\$ 155,861</u>	<u>-</u>
8500	<b>Total comprehensive income</b>		<u>\$ 1,881,430</u>	<u>6</u>	<u>\$ 3,677,418</u>	<u>9</u>
	Earnings per share	6(30)				
9750	Basic earnings per share		<u>\$ 6.45</u>		<u>\$ 10.83</u>	
9850	Diluted earnings per share		<u>\$ 6.37</u>		<u>\$ 9.94</u>	



FLEXIUM INTERCONNECT, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital- common stock	Capital surplus	Retained Earnings		Unappropriated retained earnings	Other equity interest	Treasury stocks	Total equity
				Legal reserve	Special reserve				
<u>Year ended December 31, 2022</u>									
Balance at January 1, 2022		\$ 3,513,309	\$ 3,048,710	\$2,417,670	\$ 428,325	\$ 16,799,119	\$ 522,685	\$ -	\$ 25,684,454
Profit for the year		-	-	-	-	3,521,557	-	-	3,521,557
Other comprehensive income	6(16)(21)	-	-	-	-	6,779	149,082	-	155,861
Total comprehensive income		-	-	-	-	3,528,336	149,082	-	3,677,418
Appropriation and distribution of 2021 earnings:									
Legal reserve		-	-	191,397	-	191,397	-	-	-
Special reserve		-	-	-	48,849	48,849	-	-	-
Cash dividends from capital surplus	6(19)	-	1,593,170	-	-	-	-	-	1,593,170
Share-based payment transactions	6(17)(18)(19)(21)	14,600	210,160	-	-	-	122,137	-	102,623
Purchase of treasury share	6(18)	-	-	-	-	-	-	2,924,445	2,924,445
Retirement of treasury share	6(18)(19)	300,000	85,830	-	-	2,538,615	-	2,924,445	-
Balance at December 31, 2022		\$ 3,227,909	\$ 1,579,870	\$2,609,070	\$ 477,174	\$ 17,548,594	\$ 495,740	\$ -	\$ 24,946,880
<u>Year ended December 31, 2023</u>									
Balance at January 1, 2023		\$ 3,227,909	\$ 1,579,870	\$2,609,070	\$ 477,174	\$ 17,548,594	\$ 495,740	\$ -	\$ 24,946,880
Profit for the year		-	-	-	-	2,066,725	-	-	2,066,725
Other comprehensive income (loss)	6(16)(21)	-	-	-	-	590	185,885	-	185,295
Total comprehensive income		-	-	-	-	2,067,315	185,885	-	1,881,430
Appropriation and distribution of 2022 earnings:									
Legal reserve		-	-	98,972	-	98,972	-	-	-
Special reserve		-	-	-	149,082	149,082	-	-	-
Cash dividends	6(20)	-	-	-	-	799,903	-	-	799,903
Cash dividends from capital surplus	6(19)	-	799,903	-	-	-	-	-	799,903
Share-based payment transactions	6(17)(18)(19)(21)	2,899	972	-	-	-	167,602	-	163,731
Return of unclaimed dividends to shareholders	6(19)	-	40	-	-	-	-	-	40
Balance at December 31, 2023		\$ 3,225,010	\$ 778,955	\$2,708,040	\$ 328,092	\$ 18,866,116	\$ 514,023	\$ -	\$ 25,392,195

FLEXIUM INTERCONNECT, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 2,265,332	\$ 4,106,529
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(17)	163,731	102,623
Expected credit loss	12(2)	1,450	6,595
Depreciation expense	6(8)(9)(27)	1,326,721	1,337,664
Amortization expense	6(10)(27)	15,021	10,071
Net profit on valuation of financial assets at fair value through profit or loss	6(2)(25)	( 2,418 )	( 9,252 )
Interest expense	6(26)	20,526	27,847
Interest income	6(23)	( 236,892 )	( 139,683 )
Share of profit of associates and joint ventures accounted for using equity method	6(7)	( 1,051,551 )	( 1,179,933 )
Losses on repurchase of corporate bonds	6(25)	16,072	-
Gain on disposal of property, plant and equipment	6(25)	( 541 )	( 100 )
Impairment loss on property, plant and equipment	6(11)(25)	-	5,030
Unrealized profit from sales		61,227	81,449
Realized profit on from sales		( 81,449 )	( 20,666 )
Changes in operating assets and liabilities			
Changes in operating assets			
Increase in financial assets at fair value-current		( 4,932 )	-
(Increase) decrease in financial assets at amortised cost-current		( 308,101 )	5,477,060
Decrease in notes receivable		-	23
Decrease in accounts receivable		1,305,919	2,558,373
Decrease (increase) in accounts receivable due from related parties		1,226,573	( 636,252 )
Decrease in other receivable		23,043	131,079
Decrease in other receivables due from related parties		9,760	6,815
Decrease in inventories		776,552	129,998
Increase in prepayments		( 9,045 )	( 10,517 )
(Increase) decrease in other current assets		( 285 )	70
Changes in operating liabilities			
Increase (decrease) in accounts payable		124,619	( 225,502 )
(Decrease) increase in accounts payable to related parties		( 5,353,761 )	3,676,534
(Decrease) increase in other payables		( 65,418 )	104,117
Increase (decrease) in other current liabilities, others		5,091	( 1,982 )
Cash inflow generated from operations		227,244	15,537,990
Interest received		196,374	94,436
Interest paid		( 17,611 )	( 6,485 )
Income tax paid		( 465,922 )	( 462,374 )
Net cash flows (used in) from operating activities		( 59,915 )	15,163,567

(Continued)

FLEXIUM INTERCONNECT, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other receivables due from related parties		\$ 1,134,976	(\$ 533,052)
Acquisition of investments accounted for using equity method		( 1,567,736 )	( 50,000 )
Acquisition of property, plant and equipment (including prepayment for equipment and for land purchases)	6(31)	( 1,446,430 )	( 4,179,829 )
Proceeds from disposal of property, plant and equipment		541	4,518
Acquisition of intangible assets	6(10)	( 12,688 )	( 20,677 )
Decrease in refundable deposits		246,189	75,379
Interest received		58,310	24,490
Net cash flows used in investing activities		( 1,586,838 )	( 4,679,171 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of principal portion of lease liabilities	6(32)	( 6,347 )	( 8,520 )
Repayments of corporate bonds	6(32)	( 3,157,836 )	-
Repayments of long-term borrowings	6(32)	( 846,429 )	( 414,583 )
Decrease in other non-current liabilities		( 1,511 )	( 3,511 )
Payments to acquire treasury shares	6(17)(18)	-	( 2,924,445 )
Cash dividends and cash dividends from capital surplus	6(19)(20)	( 1,599,806 )	( 1,593,170 )
Return of unclaimed dividends to shareholders		( 40 )	-
Net cash flows used in financing activities		( 5,611,969 )	( 4,944,229 )
Net (decrease) increase in cash and cash equivalents		( 7,258,722 )	5,540,167
Cash and cash equivalents at beginning of year	6(1)	11,242,661	5,702,494
Cash and cash equivalents at end of year	6(1)	\$ 3,983,939	\$ 11,242,661

## **Attachment III**

### **Flexium Interconnect. Inc. Procedures of 2024 Restricted Stock Awards Issuance**

#### **Article 1 Purpose of Issuance:**

Flexium Interconnect. Inc. (hereinafter referred to as the Company) hereby stipulates its "Procedures of 2024 Restricted Stock Awards Issuance" (hereinafter referred to as the "Procedures"). It does so in order to attract and retain the talent needed by the Company, and motivate employees and enhance their momentum to jointly create in the interest of the Company and shareholders, in accordance with Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission (hereinafter referred to as the "Issuance Regulations").

#### **Article 2 Declaration and issuance period:**

The Restricted Stock Awards to be issued in this instance shall be declared to the competent authority within one year after the resolution of the shareholders' meeting. Within one year from the date when the notification of the effective declaration of the competent authority is reached, it may be issued one or more times according to actual needs. The actual date of issue shall be determined by the chairman as authorized by the board of directors.

#### **Article 3 Qualifications and conditions of employees, and the quantity may be obtained:**

- I. The eligible employees are limited to these full-time employees of the Company or the companies controlled by subordinated to the Company on board on or before the date of granting the Restricted Stock Awards; the referred companies controlled by subordinated to the Company are recognized pursuant to the standards specified in Article 369-2, Article 369-3, Paragraph 2 of Article 369-9, and Article 369-11 of the Company Act, or the laws and regulations updated before the issuance, and the competent authority's regulations.
- II. In order to protect the rights and interests of shareholders, the Company will carefully manage the Procedures. Persons who must be issued Restricted Stock Awards will be limited to: (A) Key personnel related to the future successful development of the Company; (B) Those whose individual performance is of considerable value to the Company; (C) Core new employees; and so on.
- III. For the actual number of employees and the number of restricted employee shares that can be allocated according to the Procedures, factors will be considered including performance, past and expected overall contributions, special merits, development potential, grade, seniority, etc., and the Company's operational needs and business development strategies will also be considered. After being approved by the chairman,

this shall be reported to the board of directors for resolution. Provided that where any director or managerial officer is listed in the subscribers, the approval of the Remuneration Committee is required; for these subscribers not managerial officers, the approval of the Audit Committee is required before being submitted to the Board of Directors for the resolution.

- IV. Employee stock option certificates shall be issued in accordance with Article 56-1, Paragraph 1 of the Issuance Regulations to give a single employee his or her number of subscription shares. Adding up to the total number of Restricted Stock Awards that the employee has accumulated, this shall be no more than three thousandths of the total number of issued shares of the Company. In addition to accumulating the number of shares subscribed by a single employee by accumulating the employee stock option certificates issued in accordance with Article 56, Paragraph 1 of the Issuance Regulations, this shall not exceed 1% of the total number of issued shares of the Company. For the number of Restricted Stock Awards allocated to a single employee disclosed in this article, if subsequent regulations are updated by the competent authority, they shall be handled in accordance with the updated laws and regulations of the competent authority, or if they have been approved by the central competent authority for the purpose of business, they may be exempted from the above-mentioned restriction.

**Article 4 Total issuance:**

The total amount of Restricted Stock Awards issued under the Procedures is NT\$7,000,000 at NT\$10 per share with a total of 700,000 ordinary shares. The actual shares to be issued will be resolved by the Board after the proposal of Restricted Stock Awards issuance approved by the shareholders' meeting and the competent authority.

**Article 5 Conditions of Restricted Stock Awards issuance and restrictions of the rights to these shares:**

- I. Issue price: Issued free of charge.
- II. Types of shares issued: Ordinary shares.
- III. Vesting conditions:
  - (I) In accordance with these Measures, If employees still employed from the date of grant to the expiration date, and the personal performance evaluation score is 3A (inclusive) or above in the year before the expiration date, the proportion of shares that can meet the vested conditions is as follows.
    - (1) The tenure expires 1 year after the date of grant: the vested ratio is 30%.  
(Unconditional carry to stock)
    - (2) The tenure expires 2 year after the date of grant: the vested ratio is 30%.  
(Unconditional carry to stock)
    - (3) The tenure expires 3 year after the date of grant: remaining shares.

- (II) The term of service grant date is defined as the date when the stock is distributed to the shareholder list.
  - (III) In case of holidays at the above times, then matters should be handled in advance on the prior business day.
- IV. Staff qualifications and the number of shares that can be allocated or subscribed:
- (I) Where an employee fails to meet the vesting conditions specified in Paragraph 3 of the Article, the Company will retrieve and cancel their shares without compensation.
  - (II) Voluntary resignation, lay-off, dismissal, retirement, decease due to common reasons or non-occupational disasters:  
The Restricted Stock Awards not vested are deemed failure to meet the vesting conditions on the effective date of resignation; the Company will retrieve and cancel their shares without compensation.
  - (III) Leave without pay:  
The Restricted Stock Awards not vested are deemed failure to meet the vesting conditions on the effective date of leave without pay; the Company will retrieve and cancel their shares without compensation.
  - (IV) Service discontinued due to physical disability or death resulted from an occupational disaster:  
The said year is deemed meeting the in-service period required by the Procedures; provided, the proportions specified in the vesting conditions provided in Paragraph 3 of the Article still apply. In case of death, the heirs may apply to receive the shares entitled by completing the required statutory procedures and providing supporting documents; in case of the discontinuity due to physical disability, the concerned employees shall receive their entitled shares.
  - (V) Transfer:  
If employees are transferred to related companies or other companies, Restricted Stock Awards shall be handled in accordance with subparagraph 2 of this paragraph concerning "general separation." However, when due to the needs of the Company's operations, the company assigns employees to the Company's affiliated companies or other companies, their allocated Restricted Stock Awards are not affected by the transfer.
  - (VI) Others:  
After employees are allocated Restricted Stock Awards in accordance with the Procedures, in case of major negligence in violation of the Company's labor contract, work rules, etc., and the Company believes that the circumstances are serious, for Restricted Stock Awards that have not yet reached vesting conditions, the Company has the right to recover its shares free of charge and apply for cancellation.

**Article 6 Restrictions on shares before the vesting conditions are met:**

- I. Once the restricted employee stocks are issued, they shall be trusted immediately. The

Company or a person designated by the Company shall act as an agent for all assigned employees to sign and revise trust-related contracts with the trust institution and authorize them to handle relevant trust affairs. In addition, before the vesting conditions are met, employees must not request to return the restricted stock for employees with any excuse or in any manner.

- II. Before the vesting conditions set in the preceding Article are fulfilled, except in cases of inheritance, employees must not use the restricted employee are allocated according to these measures to sell, pledge, transfer, gift to others, set up, or discriminate in other ways.
- III. Before meeting the vesting conditions, the shareholders' rights in shareholders' meeting, including attendance, proposal, speech, casting votes, and voting rights are entrusted to the trustee institution for exercising.
- IV. Before the vesting conditions are met, there shall be no rights to earnings distributions (including but not limited to: dividends, bonuses, capital reserve allocated rights) nor to cash-enhanced share options.
- V. From the day of the Company's non-gratuitous allotment stop transfer day, the cash dividend stop transfer day, the cash capital increase subscription stop transfer day, the shareholders' meeting transfer period determined by Article 165, Paragraph 3 of the Company Law, or other legal business stoppage period based on the facts from the first 15 business days to the reference date for the distribution of rights, employees who meet the acquired conditions during this period do not have the right to surplus distribution.
- VI. During the vesting period, where the Company decreases the capital due to any non-statutory capital decrease, such as the capital decrease in cash, the capital decrease for offsetting losses, the Restricted Stock Awards shall decrease proportionally based on the capital decrease percentage. The cash refunded due to the capital decrease in cash shall be trusted, and refunded to employees without interest when the vesting conditions are met; provided, where the vesting conditions are not met, the Company will retrieve such cash.

#### **Article 7 Tax liabilities:**

The taxation for the Restricted Stock Awards obtained pursuant to the Procedures shall follow the laws and regulations of R.O.C at the time.

#### **Article 8 Contract entrance and confidentiality:**

- I. The employees obtaining the Restricted Stock Awards must sign the "Consent of Accepting Restricted Stock Awards," and proceed the trusting procedures. These who fail to sign the related documents are deemed giving up the Restricted Stock Awards.
- II. Any owner who obtains Restricted Stock Awards and related rights pursuant to the Procedures shall adhere to the Procedures and the requirements in "Consent of Accepting

Restricted Stock Awards,” and any violation is deemed failing to meet the vesting conditions; the confidentiality requirements shall be observed strictly, other than the requirements of laws and regulations or the competent authorities, it is prohibited to inquire others about their quantity and descriptions of the granted Restricted Stock Awards of others, divulge such information, or disclose the content of the program and personal interests to others. The Company is entitled to retrieve and cancel the Restricted Stock Awards failing to meet the vesting conditions without compensation if any violation.

**Article 9 Other important matters agreed upon:**

- I. The Procedures take effect and are enforced after reporting to the competent authority upon the approval of the majority of the attending directors in a board meeting attended by two-third or more directors, and reported to the shareholders’ meeting. Later on, where any amendment is required due to any amendment to laws and regulations, requirements of the competent authority for reviewing, among other reasons, the chairman is authorized to amend the Procedures, and the issuance is only to be made after being submitted to the board of directors for ratification.
- II. For anything not mentioned in the Procedures, the related laws and regulations shall be complied with.



## [Appendix I]

### **Flexium Interconnect. Inc. Rules of Procedure for Shareholders Meetings**

I. The Rules of Procedure for Shareholders Meetings, except as otherwise provided by law and regulation, shall be handled as provided for in these Rules.

II. (Preparation of the documents such as attendance book)

The Company shall specify the shareholders, proxy solicitors, proxy agents (“shareholders” hereafter), time and location for shareholder registration in the meeting notice as well as other matters requiring attention.

Where a shareholders’ meeting is held via a video conference, the method for shareholders to attend the video conference and exercise of their rights, the handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, and date for the postponement or re-convention when a postponement or re-convention is required, and other matters requiring attention, as well as the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. The time during which shareholder attendance registrations will be accepted at the video conference platform shall be at least 30 minutes prior to the time the meeting commences. The shareholders accepted are deemed attend the shareholders’ meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. the Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign or the attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as

proxy, it may designate only one person to represent it in the meeting.

Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register with the Company at least two day prior to the meeting date.

Where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting, and retain the disclosure of such until the meeting ends.

### III. (The calculation of voted shares and the recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

### IV. (Principles for locations and times to convene shareholders' meetings)

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph does not apply.

### V. (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the

managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to participate a shareholders meeting.

VI. The Company's shareholders meetings, except as otherwise provided by law and regulation, shall be convened by the board of directors.

Any change to the convention method of the Company's shareholders' meetings shall be resolved by the board of directors and no later than mailing the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time, and also be displayed at the Company and the professional shareholder services agent designated thereby, as well as distributed at the venue of the meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

VII. (Documentation of a shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where the Company convenes the video shareholders' meetings, the Company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video.

The records and audio- and video recordings in the preceding paragraphs shall be properly retained during the Company's survival period, and the audio- and video recordings are provided to the organizer of the video conference for custody.

VIII. Attendance at a shareholders meeting shall be calculated based the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. Where the Company convenes the video shareholders' meetings, the Company shall announce the meeting adjournment at the video conference platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register again with the Company per Article 2.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

- IX. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the

chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

X. (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violations.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the Chairman may respond in person or direct relevant personnel to make response.

Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference may inquire with text at the video conference platform of the meeting since the chair announcing the meeting commencement till the adjournment. No more than two inquiries shall be raised for each proposal, and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.

Where the inquiries in the preceding paragraph not violating the requirements, or within the scope of agenda, it is advisable to disclose the inquiries at the video conference platform of the meeting for the public knowledge.

XI. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy

appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in the manner of video conference, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- XII. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

- XIII. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

Where the Company convenes the video shareholders' meetings, other than the matters to be recorded as required in the preceding paragraph, the starting and ending time of the shareholders' meeting, convention method of the meeting, names of the chair and record-keeper, and the handling method when the video conference platform or participation in the manner of video conference fails due to disasters, incidents or other force majeure, and the handling status shall be specified.

XIV. (Public disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. Where the shareholders' meetings are convened in the manner of video conference, the Company shall upload the aforesaid information to the video conference platform for the shareholders' meeting at least 30 minutes prior to the meeting, and retain the disclosure of such until the meeting ends.

Where the Company convenes the video shareholders' meetings, the rights attended the meeting shall be disclosed at the video conference platform. If the total shares and voting rights of the attending shareholders are counted during the meeting, the same applies.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

XV. Each shareholder shall have one vote; however for those that is restricted by law or has no voting rights pursuant to Paragraph 2, Article 179 the Company Act this shall not apply.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Where the Company convenes the video shareholders' meetings, the votes shall be calculated at once upon the end of voting declared by the chair, and announce the results of voting or elections.

Where the Company convenes the video-assisted shareholders' meetings, the shareholders who already have registered to attend the meeting in the manner of video conference pursuant to Article 2, but then intend to attend the off-line shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline may only attend the shareholders' meeting in the manner of a video conference.

These who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents, and attending the meeting in the manner of video conference, other than the extempore motions, must not exercise the votes to the original



proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal.

XVI. (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

XVII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

XVIII. When there is an amendment or an alternative for a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal for determining the sequence for voting. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

XIX. (Maintaining order at the meeting place)

Staff handling the administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The Chairman may direct the proctors to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".

If the venue is equipped with amplifying equipment, the chair may stop it when the shareholder does not use the equipment configured by the Company to speak.

If a shareholder violates the procedure rules, obstructs the progress of the meeting, and refuses to comply with the chair's instructions; the chair may direct the guard or security personnel to ask the shareholder to leave the venue.

XX. (Information disclosure for video conferences)

Where the shareholders' meetings are convened in the manner of video conference, the Company shall disclose the voting result of each proposal and election results at the video conference platform for the shareholders' meeting, and retain the disclosure at least 15 minutes after the chair declares adjournment.

XXI. (Location of the chair and the record-keeper of video shareholders meetings)

When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location within Taiwan. The chair shall announce the address of this location.

XXII. (Handling the communication obstacles and the shareholders with digital gaps)

Where the shareholders' meeting are convened in the manner of video conference, the Company may provide the simple connection test to shareholders, and provide the related services prior to and during the meeting to assist the handling of the communication technical issues.

Where the shareholders' meeting are convened in the manner of video conference, the chair, when declaring the meeting commencement, shall also declare the events not requiring postponement or re-convention specified in Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies; before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to force majeure, for the date of the shareholders' meeting postponed to, or re-convened, Article 182 of the Company Act shall not apply.

The postponement or re-convention of shareholders' meetings conducted per the preceding paragraph needs not again discuss and resolve the proposal that have completed voting and vote calculation, with the announcement of voting results, or the list of elected directors and supervisors.

Where the Company postpones or re-convenes any shareholders' meeting pursuant to Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the pre-requisite operations shall be conducted based on the original shareholders' meeting date, and the shareholders listed on the shareholder registry at the book closure of the original shareholders' meeting.

For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting per Paragraph 2.

Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued as specified in Paragraph 2 and the total attending shares still meet the statutory quorum for shareholders' meeting resolution, the postponement or re-convention of meeting per Paragraph 2 is not required.

Where the Company convenes the video shareholders' meetings, the proper alternatives shall

be provided for the shareholders having difficulties to attend in the manner of video conference.

XXIII. The Principles are enforced upon the approval of the shareholders' meeting; the same applies to the amendments.

## [Appendix II]

### Articles of incorporation of Flexium Interconnect. Inc.

#### Chapter 1 General Rules

- Article 1 The Company shall be incorporated, as a Company limited by shares, under the Company Act of the Republic of China, and its name shall be 台郡科技股份有限公司. (English name as FLEXIUM INTERCONNECT, INC.)
- Article 2 The scope of business of the Company shall be as follows:
1. Manufacturing of Build-up FCCL
  2. Manufacturing, processing, research and development, purchase and sales, import and export of multiple build-up printed circuits, flexible print circuits, WIP and parts, as well as repair of printed circuits.
  3. Manufacturing, processing, research and development, purchase and sales, import and export of polyimide film FCCL.
  4. Manufacturing, processing, repair, design, purchase and sales, import and export of molds, tools and fixtures.
  5. The trading of raw materials of the products mentioned above.
  6. The import/export of the products mentioned above.
  7. CC01020 Electric Wires and Cables Manufacturing
  8. CC01080 Electronics Components Manufacturing
  9. F119010 Wholesale of Electronic Materials
  10. F219010 Retail Sale of Electronic Materials
  11. ZZ99999 In addition to the business that the Company is approved to engage, it may also engage in business that is not prohibited or restricted by laws, prohibiting or restricting the business.
- Article 3 The Company shall have its head office in Kaohsiung City, Taiwan, and shall be free, upon approval of the directors, to set up, make changes or dissolve domestic or foreign branch offices or manufacturers, whenever necessary upon the resolution of the board of directors meeting.
- Article 4 The Company may provide endorsements and guarantees and act as a guarantor.

#### Chapter 2 Shares

- Article 5 The total capital of the company is NT\$6,000,000,000, divided into 600,000,000 shares at a nominal value per share of NT\$10. For unissued shares, the board of directors is authorized to issue shares in installments. 20,000,000 shares out of the total capital stock shall be reserved for warrants, preferred shares with warrants, or bonds with attached warrants for the exercise of stock options. The Company may issue employee stock options from time to time, subject to the

approval of the board of directors.

Article 6 Total amount of the Company's re-investment shall not be subject to the restrictions of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act.

Article 7 The Company's stock was registered, and also issued in accordance with the provisions of the Company Act of the Republic of China and other relevant laws and regulations. For the shares to be issued to the public by the Company, they may be exempted from printing any share certificates. However, the Company shall appoint a centralized securities custody enterprise/ institution to make a record of the issue of such shares.

Article 8 The handling of all stock operations shall follow the "Guidelines for Stock Operations for Public Companies" prescribed by the Competent Authorities.

Article 9 Deleted

Article 10 Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of a regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividends, bonus, or any other benefits is scheduled to be paid by the Company.

### **Chapter 3 Shareholders' Meeting**

Article 11 Shareholders' meetings of the Company are of two types, namely regular meetings and special meetings:

1. Regular meetings shall be convened, by the Board of Directors, within six months after the close of each fiscal year.
2. Special meetings shall be convened in accordance with relevant laws.
3. The Company's shareholders' meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 12. The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Company. In his absence, either the Vice Chairman of the Board of Directors or one of the Directors shall preside in accordance with Article 208 of the Company Act. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 13. Notices shall be sent to all shareholders for the convening of shareholders' meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The date of the meeting, premises and reasons for convening a shareholders meeting shall be

specified in the meeting notice and public announcement. For shareholders with less than 1,000 shares the notice may be made with a public announcement.

Article 14. For each shareholders meeting, a shareholder that will be absent of the meeting for a particular reason may appoint a proxy to attend the meeting by providing the proxy form issued by this Company and stating the scope of the proxy's authorization. For a shareholder to appoint a proxy to attend a meeting, except for Article 177 of the Company Act, he shall also handle this in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 15. Each shareholder shall have one vote; however for those that is restricted by law or has no voting rights pursuant to the Company Act this shall not apply. The voting power at a shareholders meeting may be exercised in writing or by way of electronic transmission, provided, that the method for exercising the voting power shall be described in the shareholders' meeting notice.

Article 16. Unless otherwise prescribed by laws or regulations, the proposal will only be approved by the shareholders meeting when the attending shareholders represent a majority of the total number of issued shares and majority of the shareholders attending the meeting vote for the proposal.

#### **Chapter 4 Directors, Audit Committee Members and Managers**

Article 17. The company has seven to eleven directors serving three-year terms. The election of directors adopts a candidate nomination system where the general meeting of shareholders elects them from a list of candidates and they are eligible for re-election. The company may purchase liability insurance for directors and important managers during the tenure of their lawful compensation for their business scope. After the company publicly issues stocks, the total shareholding ratio of all its directors shall be in accordance with the regulations of the securities management agency.

Among the directors mentioned above, the independent directors shall not be less than three in number and not less than one-fifth of the total number of directors.

The independent directors and the non-independent directors shall be elected together at the same time with quotas calculated separately.

Regulations governing the professional qualifications, restrictions of shareholdings and concurrent positions held, method of nomination and other matters for compliance with respect to independent directors shall be complied with based on the regulations prescribed by the Security Competent Authority.

Article 17-1 The Company's board of directors should be convened at least once a quarter, and the convener should state the convening matter for notification to the

directors seven days beforehand; the convening method can be written, fax or email. In the event of an emergency, however, it must be called at any time.

Article 18 The board of directors is a body of elected members with power of authority specified on the left column:

1. Approve important articles and the organization, regulations and procedures of the Company.
2. Propose the amendment to the Articles of Incorporation.
3. Establish or dissolve a branch
4. Approve the annual budget and review annual financial reports, including the review of annual business plan and their relevant monitoring and implementation.
5. Plan and propose to invest in other business.
6. Approve capital expenditures exceeding NT\$300 million (included).
7. Plan and propose the proposal of capital increase or decrease.
8. Grant or remove the positions of important employees.
9. Submit proposal of earning distribution or deficit compensation.
10. Approve significant transactions between related parties (including related enterprises)
11. Obtain, transfer and grant specific technology and trademarks, copy rights and patents, as well as approve, amend and terminate technology joint venture contracts.
12. Other power of authority granted pursuant to the Company Act or resolution by the shareholders meeting.

Article 19. The board of directors shall elect a chairman of the board of directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. They may also elect in the same manner a vice chairman of the board. The Chairman represents the Company externally.

Article 20. Except otherwise provided by the Company Act, the meetings of the board of directors shall be convened by the chairman of the board of directors. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 21. The chairman of the board of directors shall preside at the meeting of the board of directors. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the person acting on his behalf shall handle things pursuant to the requirements of Article 208 of the Company Act. Each director shall attend the meeting of the board of directors in person. If the director cannot be present due to a particular reason he may appoint other director to represent him. A director may accept the appointment to

act as the proxy referred to in the preceding paragraph of one other director only. The meeting of the board of directors may proceed via visual communication network. The directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 22. The Company shall establish an Audit Committee, and the Audit Committee shall consist of all independent directors.

Regarding matters such as the number, term, powers and rules of procedure of the Audit Committee, in accordance with the relevant provisions of the Audit Committee's methods for exercising authority, the Audit Committee's organizational rules shall be separately formulated.

Article 23. For directors' travel expenses, remuneration and salaries of independent directors, the remuneration authorization is determined by the board of directors according to the degree of participation and contribution value to the company's operations, and negotiated with reference to the standards of related companies.

Article 24. A Company may have managerial personnel. Appointment and discharge and the remunerations of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Article 25. The general manager shall be in charge of the business operations

### **Chapter 5 Accounting**

Article 26. The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. The Company shall, at the end of each fiscal year, proceed with the annual accounting of revenues and expenditures.

Article 27. At the end of each fiscal year, the company shall prepare the following schedules by the board of directors and submit them to the Regular Meeting of Shareholders for approval in accordance with the law.

I. Business report

II. Financial statements

III. Proposals concerning appropriation of net profits or covering of losses.

Article 28. The Company may, upon adoption of a resolution by a majority of the directors present at a meeting of the board of directors attended by two-thirds or more of the total number of directors of the Company, transfer shares at a price lower than the average price of shares redeemed, or let the employees subscribe to stock options certificates at a price lower than the average price of the redeemed shares.

Article 29. If the Company has surplus profits after annual accounting of revenues and expenditures, it shall have its losses covered and all taxes and dues paid and set aside ten percent of the remaining profits as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. In addition, after a special reserve is provided or reserved in compliance with the laws and



regulations, the board of directors may combine the remaining balance with the undistributed earnings at beginning period as accumulated distributed earnings, and depending on the available fund and economic situation, to formulate a proposal; if such distribution is made in the manner of issuing new shares, the distribution shall be submitted for approval in the shareholders meeting.

The Company complies with Article 240, Paragraph 5 of the Company Act and Article 241 of the Company Act such that dividends may be distributed or statutory surplus reserve and capital reserve paid by cash upon authorization of board meetings with two thirds or more of directors present and resolution adopted by half or more of directors present, with the matter to be reported to the shareholders meeting.

Article 29-1 The Company shall pay no less than 1% for employees and no more than 2% for directors according to the profitability of the current year. However, when the Company still has accumulated losses, it should make up for them first.

The employee's compensation may be distributed in stocks or cash, the parties to whom the compensation distributed to may include employees of affiliated companies.

The profitability of the current year referred to in the first paragraph refers to the pre-tax profit for the current year after deducting the distribution of employee compensation and director compensation.

The distribution of employees' compensation and directors' compensation shall be decided by the board of directors with a resolution made by at least two-thirds of the directors present and a majority of the directors in agreement, and this shall be reported to the shareholders meeting.

Article 29-2 When issuing the following rewarded employee shares, the Company may, in accordance with the provisions of Article 167-1, Article 167-2, and Article 267 of the Company Act, distribute to parties including employees of companies controlled by or affiliated with the Company under certain conditions.

- I. Transfers of treasury stock to employees.
- II. Employee stock options.
- III. Issuance of new shares subscribed by employees.
- IV. Employee restricted new shares.

Article 30 The industry that the Company is in is still in the growing stage. The Company expects it will have cash demand for the expansion of production line in the coming years. The distribution of surplus can be done in the form of cash dividends or stock dividends; the cash dividend shall not be less than 5% of the total dividend. However, if the cash dividend is less than NT\$0.1 yuan per share, it will not be paid and stock dividends are to be used instead.

Article 31. Shareholders entitled to dividends distributed are those whose names are

recorded on the shareholders' roster within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

### **Chapter 6 Supplementary Provisions**

Article 32. Deleted

Article 33. The Company's organizational procedures and work rules will be prescribed separately.

Article 34. With regards to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 35. These Articles of Incorporation were established on December 9, 1987. The 1st amendment was on December 21, 1997 The 2nd amendment was on May 21, 1998 The 3rd amendment was on March 3, 1999 The 4th amendment was on June 21, 2000 The 5th amendment was on May 18, 2001 The 6th amendment was on June 13, 2012 The 7th amendment was made on June 23, 2013 The 8th amendment was made on June 23, 2013 The 9th amendment was made on May 25th, 2014 The 10th amendment was on May 25th, 2014 The 11th amendment was on June 14, 2015 The 12th amendment was on June 14, 2015 The 13th amendment was on June 15, 2016 The 14th amendment was made on June 10, 2009 The 15th amendment was on June 9, 2010 The 16th amendment was on June 15, 2011 The 17th amendment was on May 30, 2012 The 18th amendment was on June 11, 2013 The 19th amendment was on June 19, 2014 The 20th amendment was made on June 30, 2015 The 21th amendment was on June 28, 2016 The 22nd amendment was made on June 14, 2018. The 23rd amendment was made on June 18, 2019. The 24th amendment was made on June 18, 2020. The 25th amendment was made on August 31, 2021. The 26th amendment is made on May 31, 2022. The 27th amendment was on May 30, 2023.

**【Appendix III】**

**Flexium Interconnect. Inc.**  
**Shareholdings of all directors**  
**Reference date: April 1, 2024**

<b>Job title</b>	<b>Name</b>	<b>Shares Held</b>
Chairman of Board	Ming-Chi Cheng	4,702,360
Director	Chi-Lian Investment Corporation representative: Chen Yong-Chang	2,825,017
Director	Chi-Lian Investment Corporation representative: Hung Chi-Shan	2,825,017
Director	Tai-Peng Development Corporation representative: Jeng Xi Shih	15,459,784
Director	Tai-Peng Development Corporation representative: JJ Chen	15,459,784
Director	Lin Pei-Ru	1,459,255
Director	David Cheng	440,351
Independent director	Xin-Bin Fu	0
Independent director	Huang Shui-Tong	0
Independent director	Wu Pei-Jun	0
Independent director	Anson Tseng	0
Total		24,886,767

Note 1: As of April 1, 2024, the total shares issued by the company came to 322,500,981 ordinary shares.

Note 2: All directors of the company should hold the authorized number of 12,900,039 shares. As of April 1, 2024, the number of shares held by all directors is 24,886,767 shares (excluding independent directors holding shares).