

Stock Code: 2480



# 2023 Annual General Meeting

## Meeting Handbook

Convening method: Physical Shareholders Meeting

Date: May 29, 2023

Location: No. 282, Beida Rd., Hsinchu City  
(Meeting Center on 13th Floor of The  
Third Credit Cooperative of Hsinchu)

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Stark Technology Inc.  
2023 Annual General Meeting Procedure

- I.** Commencement of Meeting
- II.** Chairman's Remarks
- III.** Report Items
- IV.** Ratification Items
- V.** Discussion Items
- VI.** Extraordinary Motions
- VII.** Meeting Adjourned

Stark Technology Inc.  
2023 Annual General Meeting Agenda

Convening Method: Physical Shareholders Meeting

Time: May 29, 2023 (Monday), 9 a.m.

Location: No. 282, Beida Rd., Hsinchu City  
(Meeting Center on 13th Floor of The Third Credit Cooperative of Hsinchu)

- I. Commencement of Meeting
- II. Chairman's Remarks
- III. Report Items
  - (I) 2022 Business Report.
  - (II) 2022 Audit Committee Review Report.
  - (III) Report on 2022 distribution of remuneration of employees and directors of the Company.
  - (IV) Report on the purchasing of liability insurance for directors and managerial officers.
  - (V) Report on the 2022 cash dividends distribution.
- IV. Ratification Items
  - (I) The 2022 Business Report and Financial Statements.
  - (II) The 2022 Earnings appropriation plan.
- V. Discussion Items
  - (I) Revisions to partial articles of the Company's Procedures for Endorsements and Guarantees.
  - (II) Revisions to partial articles of the Company's Procedures for Lending Funds to Other Parties.
- VI. Extraordinary Motions
- VII. Meeting Adjourned



## <Report Items>

### **I. Report on the 2022 Business Report and Financial Statements.**

Explanation: The Business Report is attached as hereto as Attachment 1, please refer to page 8 to 13.

### **II. Report on the 2022 Audit Committee Review Report.**

Explanation: The Audit Committee Review Report is attached as hereto as Attachment 2, please refer to page 14.

### **III. Report on 2022 distribution of remuneration of employees and directors of the Company.**

Explanation: The remuneration is distributed according to the Company Act and the company's Articles of Incorporation. The employee remuneration distribution amount is NT\$67,000,000, all of which are distributed in the form of cash. The director remuneration distribution amount is NT\$3,300,000. There are no variation to the estimated amount in the book.

### **IV. Report on the purchasing of liability insurance for directors and managerial officers.**

Explanation: To implement the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and to protect the shareholders' equity, the Company purchases liability insurance for the directors and managerial officers to protect them from losses arising from claims by investors or third parties when unintentional tort, i.e. negligence, happens during the handling of the mandated affairs by the company directors and managerial officers.

V. Report on the 2022 cash dividends distribution.

- Explanation:
1. The distribution is performed based on Article 23-1 of the company's Articles of Incorporation authorizing The Board to resolve distributing dividends and bonus in whole or in part, or in the form of cash, and for reporting to the Shareholders' Meeting.
  2. Distribution of shareholder bonus - Cash dividends distributed at NT\$6.26 per share for a total of NT\$665,815,421.
  3. The calculation for the cash dividend distribution this time is rounded down to the whole number of New Taiwan Dollar unconditionally. The aggregate total of the odd fractions below one New Taiwan Dollar will be listed as other revenue of the company. The Chairman is authorized to determine the ex-dividend date and related matters. In the event that the number of outstanding shares are affected due to subsequent company stock buyback, the assignment or cancellation of treasury stock, or the increase in cash, which in turn lead to changes to shareholders' payout ratio, The Chairman is given full authority in the handling of the matter.

## <Ratification Items>

### **Proposal 1 (by The Board)**

Proposal: The 2022 Business Report and Financial Statements.

- Explanation:
1. The Company has completed the preparations for the 2022 Business Report and Financial Statements (including both the Consolidated and Parent Company Only Financial Statements). The abovementioned financial statements have been audited and verified by CPAs Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young. These statements and the business report have been examined and determined by the Audit Committee.
  2. The Business Report, Independent Auditor's Report and the abovementioned financial statements are attached as hereto as Attachment 1 and Attachment 3 to 12, please refer to page 8 to 13 and page 15 to 31.
  3. Proposed for ratification.

Resolution:

## Proposal 2 (by The Board)

Proposal: The 2022 Earnings appropriation plan.

Explanation: 1. The Company's 2022 Earnings appropriation plan has been approved by the Board of Directors on February 23, 2023, and have been examined and determined by the Audit Committee.  
2. The Company's 2022 Earnings appropriation plan is as follows:

Stark Technology Inc. Earnings Distribution Table Year ended December 31, 2022 Unit: In New Taiwan Dollars	
Item	Amount
2022 Net income after tax	735,170,853
Add: Remeasured value of defined benefit plan (for 2022)	3,676,942
Subtotal	738,847,795
Less: Legal reserve	(73,884,780)
Add: Unappropriated retained earnings at beginning of the term	211,551,872
Earnings available for distribution for the current year	876,514,887
Item for distribution:	
Shareholder bonus - Cash dividends (NT\$6.26 per share)	(665,815,421)
Ending undistributed earnings	210,699,466

Chairman:	Manager:	Accounting Supervisor:
Liang, Hsiu-Chung	Liang, Hsiu-Chung	Huang, I-Tzu

3. According to the regulations promulgated via Tai-Tsai-Shuei No. 871941343 issued by the Ministry of Finance on April 30, 1998, the appropriation of earnings shall adopt individual identification method. The Company's principles for earnings appropriation is to allocate the 2022 earnings first. In the event that it is insufficient, allocate the available earnings from the year 1998 and onwards.
4. Proposed for ratification.

Resolution:

## **<Discussion Items>**

### **Discussion 1 (by The Board)**

Proposal: Revisions to partial articles of the Company's Procedures for Endorsements and Guarantees.

Explanation: 1. Revisions are made to partial articles of the Company's Procedures for Endorsements and Guarantees to comply with the laws. The comparison table for the articles before and after revisions is attached as hereto as Attachment 13, please refer to page 32 to 36.  
2. Proposed for discussions.

Resolution:

### **Discussion 2 (by The Board)**

Proposal: Revisions to partial articles of the Company's Procedures for Lending Funds to Other Parties.

Explanation: 1. Revisions are made to partial articles of the Company's Procedures for Lending Funds to Other Parties to comply with the laws. The comparison table for the articles before and after revisions is attached as hereto as Attachment 14, please refer to page 37 to 43.  
2. Proposed for discussions.

Resolution:

## **<Extraordinary Motions>**

## **<Meeting Adjourned>**

## Stark Technology Inc.

### 2022 Business Report

#### I. 2022 Business Report

##### (I) Business plan implementation result

###### 1. Consolidated

The Company's 2022 consolidated net operating revenue was NT\$6.729 billion, an increase of 2.27% compared to 2021 at NT\$6.58 billion. The 2022 consolidated net income for the period was NT\$735,171 thousand, an increase of 15.2% compared to 2021 at NT\$638,162 thousand, earnings per share after tax was NT\$6.91.

Unit: NTD thousand

Item	2022	2021	Increase (decrease) amount	Change ratio %
Operating revenue	6,728,995	6,579,554	149,441	2.27%
Operating cost	4,994,017	4,980,918	13,099	0.26%
Operating margin	1,734,978	1,598,636	136,342	8.53%
Operating income	803,612	760,533	43,079	5.66%
Non-operating income and expenses	105,698	37,814	67,884	179.52%
Income before income tax	909,310	798,347	110,963	13.90%
Net income	735,171	638,162	97,009	15.20%

###### 2. Parent Company Only

The Company's 2022 net operating revenue was NT\$5.795 billion, an increase of 13.11% compared to 2021 at NT\$5.123 billion. The 2022 net income for the period was NT\$735,171 thousand, an increase of 15.20% compared to 2021 at NT\$638,162 thousand, earnings per share after tax was NT\$6.91.

Unit: NTD thousand

Item	2022	2021	Increase (decrease) amount	Change ratio %
Operating revenue	5,794,860	5,123,089	671,771	13.11%
Operating cost	4,289,958	3,821,276	468,682	12.27%
Operating margin	1,504,902	1,301,813	203,089	15.60%
Operating income	679,965	580,393	99,572	17.16%
Non-operating income and expenses	201,407	176,126	25,281	14.35%
Income before income tax	881,372	756,519	124,853	16.50%
Net income	735,171	638,162	97,009	15.20%

(II) Status of budget implementation: The Company did not release its financial projection for 2022. Thus, it is not applicable.

(III) Financial income, expenditure, and profitability analysis

1. Consolidated

Unit: NTD thousand			
Analysis	Item	2022	2021
Financial income and expenditure	Interest income	13,382	12,889
	Interest expense	1,714	1,451
Profitability	Return on assets (%)	11.98	11.09
	Return on equity (%)	23.93	21.82
	Net profit before tax to paid-in capital ratio (%)	85.49	75.06
	Net profit rate (%)	10.93	9.70
	Earnings per share (NTD)	6.91	6.00

2. Parent Company Only

Unit: NTD thousand			
Analysis	Item	2022	2021
Financial income and expenditure	Interest income	6,957	8,202
	Interest expense	1,658	1,417
Profitability	Return on assets (%)	13.06	12.46
	Return on equity (%)	23.93	21.82
	Net profit before tax to paid-in capital ratio (%)	82.87	71.13
	Net profit rate (%)	12.69	12.46
	Earnings per share (NTD)	6.91	6.00

#### (IV) R&D Status

Limitations of hardware computing capabilities in the past have created restrictions on many software functions. Up till today, the hardware computing capabilities continue to advance and boost developments whether in mobile device application developments, the number of connections to Internet-of-Things, and its applications in various industries. The rapid growth of big data and the utilization of data mining and AI calculation has led to innovation put into practice, cloud computing becomes universal and the containerization of software development, responding to factory automation of Industry 4.0. All types of business and industry can develop innovative applications and increase business opportunities. The commercial use of 5G has expedite innovations and applications by all industries to raise industry competition. The Company has for many years continued its professional technological research and development and application software research and development which have won good reviews from customers. Concurrently, the technology team has researched and developed, and designed suitable structure and various services for the IT, CT, OT and cloud computing platforms with the industry knowledge that they have learned from their development experiences for customers' projects. The focus for this year is continuous new product research, and development of new functions for existing products. Some of the Company's key R&D are as follows:

1. Manufacturing business:

R&D for the digital transformation of automated High Performance Computing (HPC) for intelligence platform.

2. Telecommunications business:

R&D in Artificial intelligence for IT operations (AIOps).

3. Financial Services Business:

R&D in auxiliary mechanisms for AI in fraud detection and investigation.

4. All sectors:

(1) R&D in hidden anti-encryption mechanism.

(2) Practice and expansion of highly flexible AIoT technology platform and field application validation.

## II. Summary of Business Plan 2023

### (I) Business Policy

1. To cope with the enormous amount of data easily generated by various cloud services and smart mobile devices applications, the AI application model for different fields is constructed from the diverse and huge amount of data analytical applications for different industries and the utilization of deep learning algorithm that has gradually become more mature over the years. We will propose suitable solution plans for industries based on the company's experiences in high-tech manufacturing, telecommunications, financial services and retail sectors from the



big data analysis, AI deep learning algorithm and so on applications. This includes consultation, platforms, and analytical tools (automatic modeling).

## 2. Promote cross-industry alliance

The application software and hardware of the cloud services are mostly based on shared mechanism. This is supportive in reaching the goal of energy saving and carbon reduction which further reduces costs. Therefore, cross-industry alliance will be one of the success factor for cloud services on the condition of finding a suitable business model for the cross-industry alliance. The Company is preparing to promote cross-industry alliance and to develop a suitable business model to realize a profit model based on an added-value chain (such as jointly construct a B2C service operation model for O2O - Virtual/physical mall with shopping media, physical stores and logistics). Telecommunications operators who have made heavy investments in 5G construction would inevitably have to include added-value service income other than telecommunications services. Among those, the extension is based on connecting with the system integration suppliers, such as, Stark Technology, to add information service income that are more relevant to customers besides the original telecommunications services.

## 3. Expand software integration and cloud service

The coverage of business applications and technical services can be easily expanded through cloud services. The key businesses of the Company include e-commerce platforms (e.g. shop management, integrated order management, personalized customer management, customer browsing behavior tracking analysis, operation data dashboard), AI digital transformation (e.g. providing digital platform to customers, commercial smart data analysis, enterprises collaborations and production applications, video and audio streaming, AI photo editing services), AI interactive marketing platforms, AI data science platforms, AI robots applications, microservices (containers) development management platform, and Managed Detection and Response (MDR).

#### 4. Promoting Next Generation Data Center (NGDC)

Businesses are receiving sufficient support in the handling of different types of data as the software and hardware of information technology evolve. Concurrently, it gradually increases the complexity of data center and unfolds the never before seen challenges in management. Examples are: Computing environment includes standalone/cluster, virtual machine/cluster, microservices@container, data processing includes WebService@CPU, DataAnalytics@CPU/GPU, HPC/DL/ML@CPU/GPU. The control and management of data center has also extended to the linked external cloud service data center. All of the above shows the rigorous challenges faced by the Next Generation Data Center (NGDC). The NGDC management structure needs to be able to concurrently manage and allocate the standalone machine, virtualization, container, and so on control system resources, supporting enormous data mining, machine learning, deep learning and general IT application execution for the CPU or GPU computing resources. At the same time, it has to possess flexibility in cloud service interface and quantify information system resource utilization ratio, and more functions.

#### 5. Expand application software developments of core businesses

The Company's core businesses are: Large IT integration projects across sectors in manufacturing, finance, telecommunications, government institution, and education and research units. We have already developed application software in these core businesses (such as, ERP, MES, PLM, AML, CEM). In the future, we will continue to expand developing more types of application software and services for the customers. Simultaneously, in coping with huge demands for innovative services, such as, 5G/AI/IoT/edge computing, the Company is planning to join hands with specialized manufacturers in various fields to provide a more diverse and complete service for the customers.

6. The telecommunication sector is providing quicker data services and wider bandwidth usage. In recent period within ten years time, the entire mobile industry has officially entered into the Big Data era developing machine learning and artificial intelligence. The Company has been coping with this trend early on in the previous few years, began big data related application R&D and establishment. Related indicator projects include the major telecommunications operators' Big Data Solution to conduct customer core system availability data collection and statistical analysis. This leads to the increase in the overall core system availability, accelerating various trouble repair and system effectiveness planning. It also utilizes Data Analysis Expression. It is hoped to achieve the various recommended mechanism of Omni Channel. Various telecommunications companies have begun related 5G construction in 2020. The Company continues to provide the required 4G/5G backbone OTN capacity expansion and pursue business opportunities in the construction of Small Cell base stations that are required for raising signal coverage conducted after the 5G-based backbone construction completion of the six cities. Concurrently, it coordinates the telecommunications company planning and provides IT services to its customers.
7. With the advancement of the transmission technology and the rapid development of the Internet-of-Things (IoT), business models based on IoT have been proposed and tested for market acceptance. The Industry, Science and Technology International Strategy Center stated that the global IoT market has exceeded USD1 trillion for the first time in 2021 from USD631.4 billion in 2017 with growth till 2022. The Company utilizes its experiences accrued over the years in core IT technology and related software and hardware construction for different industries. It aggressively develops business opportunities relating to IoT application in professional fields.

Chairman:  
Liang, Hsiu-Chung

Manager:  
Liang, Hsiu-Chung

Accounting Supervisor:  
Huang, I-Tzu

**Stark Technology Inc.**

**2022 Audit Committee Review Report**

Audit Committee Review Report

The Board has prepared the Company's 2022 Business Report, Financial Statements, and Earnings Distribution Plan. The Financial Statements have been audited and certified by CPA Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young issuing the Independent Auditors' Report. We have reviewed the above Business Report, Financial Statements, and Earnings Distribution Plan and find that they are consistent with relevant laws and regulations of the Company Act, so we have issued a report as above in accordance with the Securities and Exchange Act and the Company Act. Please proceed to review it.

To:

Stark Technology Inc. 2023 General Shareholders Meeting

Convener of the Audit Committee: Lu, Jui-Wen

February 23, 2023

### Independent Auditor's Report for Parent Company Only Financial Statements

To stakeholders of Stark Technology Inc.:

#### **Opinion**

We have audited the parent company only balance sheet of Stark Technology Inc. as at December 31, 2022 and 2021, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flow, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2022 and 2021.

We found that none of the material disclosures of the parent company only financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers, or compromised the fair view of the parent company only financial position of Stark Technology Inc. as at December 31, 2022 and 2021, and the parent company only financial performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

#### **Basis for Opinion**

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the audit principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Stark Technology Inc. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

#### **Key Audit Matters**

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing for the year ended December 31, 2022 parent company only financial statements of Stark Technology Inc. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

#### Recognition of service income

Stark Technology Inc. reported NT\$1,845,431 thousand of service income for the year ended December 31, 2022, representing 32% of total operating revenues and is considered material to the parent company only financial statements. This income is mostly the result of consultation and maintenance services rendered, and given the complexity of contract terms, income is recognized based on the extent of service rendered over the contract tenor. It is therefore necessary to exercise judgment over the scope of performance obligations and the timing of fulfillment, and we consider the amount of income recognized and the recognition approach taken to be key audit issues. Audit procedures that we have taken for the key audit issue mentioned above included (but were not limited to): evaluating the appropriateness of accounting policy on service income recognition, testing the effectiveness of the internal control system that the management has created for recognizing service income, analyzing gross profit margin by service category, executing transaction detail tests including sample examination of service contracts and invoices, and identifying performance obligations, cost-sharing arrangements, and timing of fulfillment for the contracts involved. These actions enabled us to determine whether transactions were recognized at the correct timing. We also reviewed the appropriateness of revenue disclosure mentioned in Notes IV and VI of the parent company only financial statements.

## **Responsibilities of the Management and Those Charged with Governance for Parent Company Only Financial Statements**

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Stark Technology Inc. to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Stark Technology Inc. (including the Audit Committee) is responsible for supervising the financial reporting process.

## **Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements**

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with audit principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with audit principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtaining necessary understanding on internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing opinion on the effectiveness of internal control system of Stark Technology Inc.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Stark Technology Inc. to operate as a going concern, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes to those statements within our audit report if material uncertainties exist in regards to the aforementioned events or circumstances, and

amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Stark Technology Inc. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of entities within the Company, and expressing opinions on parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal control identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the year ended December 31, 2022 parent company only financial statements of Stark Technology Inc. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Ernst & Young  
Release of public company financial statements has been approved  
by the authority  
Approval reference: (96)-Jin-Guan-Zheng-(VI)-0960002720  
(103)-Jin-Guan-Zheng-Shen-1030025503

Hsu, Hsin-Min  
CPA:  
Cheng, Ching-Piao

February 23, 2023

**Notice to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors 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.

**Independent Auditors' Report for Consolidated Financial Statements**

To stakeholders of Stark Technology Inc.:

**Opinion**

We have audited the consolidated balance sheet of Stark Technology Inc. and subsidiaries as at December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2022 and 2021.

We found that none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of IFRS, IAS, IFRIC and interpretations thereof approved and effected by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of Stark Technology Inc. and subsidiaries as at December 31, 2022 and 2021, or the consolidated financial performance or consolidated cash flow for the periods January 1 to December 31, 2022 and 2021.

**Basis for Opinion**

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Stark Technology Inc. and subsidiaries when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

**Key Audit Matters**

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 consolidated financial statements of Stark Technology Inc. and subsidiaries. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions separately for individual matters.



## Recognition of service income

Stark Technology Inc. and subsidiaries reported NT\$2,155,573 thousand of service income in 2022, representing 32% of total operating revenues and is considered material to the consolidated financial statements. This income is mostly the result of consultation and maintenance services rendered, and given the complexity of contract terms, income is recognized based on the extent of service rendered over the contract tenor. It is therefore necessary to exercise judgment over the scope of performance obligations and the timing of fulfillment, and we consider the amount of income recognized and the recognition approach taken to be key audit issues. Audit procedures that we have taken for the key audit issue mentioned above included (but were not limited to): evaluating the appropriateness of accounting policy on service income recognition, testing the effectiveness of the internal control system that the management has created for recognizing service income, analyzing gross profit margin by service category, executing transaction detail tests including sample examination of service contracts and invoices, and identifying performance obligations, cost-sharing arrangements, and timing of fulfillment for the contracts involved. These actions enabled us to determine whether transactions were recognized at the correct timing. We also reviewed the appropriateness of revenue disclosure mentioned in Notes (IV) and (VI) of the consolidated financial statements.

## **Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements**

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of IFRS, IAS, IFRIC and interpretations thereof approved and effected by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing consolidated financial statements also involved: assessing the ability of Stark Technology Inc. and subsidiaries to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Stark Technology Inc. and subsidiaries (including the Audit Committee) is responsible for supervising the financial reporting process.

## **Auditors' Responsibilities for the Audit of Consolidated Financial Statements**

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the consolidated financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtaining necessary understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Stark Technology Inc. and subsidiaries.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Stark Technology Inc. and subsidiaries to operate as a going concern, based on the audit evidence obtained. We are bound to remind consolidated financial statement users and make related disclosures if material uncertainties exist in regards to the aforementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Stark Technology Inc. and subsidiaries no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of entities within the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the group.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit matters after communicating with the governance body regarding the 2022 consolidated financial statements of Stark Technology Inc. and subsidiaries. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

## Others

Stark Technology Inc. has prepared parent company only financial statements for the years ended December 31, 2022 and 2021, to which we issued an independent auditors' report with unqualified opinion.

Ernst & Young

Release of public company financial statements has  
been approved by the authority

Approval reference: (96)-Jin-Guan-Zheng-(VI)-  
0960002720  
(103)-Jin-Guan-Zheng-Shen-  
1030025503

Hsu, Hsin-Min

CPA:

Cheng, Ching-Piao

February 23, 2023

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors 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.

## Attachment 5

Stark Technology Inc.  
Parent Company Only Balance Sheet  
As at December 31, 2022 and December 31, 2021  
(All amounts in NTD thousands)

Asset			December 31, 2022		December 31, 2021	
Code	Major Accounts	Notes	Amount	%	Amount	%
1100	Current assets					
1100	Cash and cash equivalents	(IV), (VI).1 and (XII)	\$ 850,146	14	\$ 794,748	15
1140	Contract assets - current	(IV), (VI).16, (VI).17, and (XII)	240,969	4	175,973	4
1150	Notes receivable, net	(IV), (VI).4, (VI).17, and (XII)	10,342	-	3,885	-
1172	Accounts receivable	(IV), (VI).5, (VI).17, and (XII)	365,691	6	322,348	6
1173	Installment accounts receivable	(IV), (VI).5, (VI).17, and (XII)	78,453	1	53,473	1
1180	Accounts receivable - related parties, net	(IV), (VI).5, (VI).17, (VII), and (XII)	452	-	2,157	-
1200	Other receivables	(XII)	4,607	-	4,583	-
130x	Inventories	(IV) and (VI).6	2,198,171	37	1,772,741	34
1410	Prepayments	(IV) and (VI).7	585,285	10	402,879	8
1476	Other financial assets - current	(IV), (VIII) and (XII)	7,651	-	1,365	-
1478	Refundable deposits	(XII)	77,837	1	62,528	1
1479	Other current assets		1,365	-	1,250	-
11xx	Total current assets		4,420,969	73	3,597,930	69
1517	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	(IV), (VI).3 and (XII)	54,291	1	53,471	1
1550	Investments accounted for using equity method	(IV) and (VI).8	951,680	16	961,345	18
1600	Property, plant and equipment	(IV) and (VI).9	440,059	7	445,923	9
1755	Right-of-use assets	(III), (IV) and (VI).18	25,394	1	22,302	1
1780	Intangible asset	(IV) and (VI).10	2,905	-	7,988	-
1840	Deferred income tax assets	(IV) and (VI).22	15,804	-	17,497	-
1920	Refundable deposits	(XII)	79,629	1	57,960	1
1933	Long-term installment accounts receivable	(IV) and (VI).5	37,080	1	68,546	1
1980	Other financial assets - non-current	(IV), (VIII) and (XII)	4,796	-	6,842	-
1990	Other non-current assets	(VI).11	1,661	-	1,120	-
15xx	Total non-current assets		1,613,299	27	1,642,994	31
1xxx	Total assets		\$ 6,034,268	100	\$ 5,240,924	100

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc.  
Parent Company Only Balance Sheet - (Continued)  
As at December 31, 2022 and December 31, 2021  
(All amounts in NTD thousands)

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Major Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	(IV), (VI).12 and (XII)	\$ 150,000	2	\$ 70,000	1
2130	Contract liabilities - current	(IV) and (VI).16	1,307,406	22	972,764	19
2150	Notes payable	(XII)	18,857	-	939	-
2170	Accounts payable	(XII)	797,907	13	656,444	13
2180	Accounts payable - related parties	(VII) and (XII)	573	-	1,338	-
2200	Other payables	(XII)	280,315	5	231,315	4
2230	Current income tax liabilities	(IV) and (VI).22	158,571	3	90,856	2
2250	Provisions	(VI).13	5,108	-	11,917	-
2280	Lease liabilities - current	(III), (IV) and (VI).18	9,815	-	11,232	-
2399	Other current liabilities		72,323	1	73,805	1
21xx	Total current liabilities		2,800,875	46	2,120,610	40
	Non-current liabilities					
2570	Deferred income tax liabilities	(IV) and (VI).22	60,098	1	51,797	1
2580	Lease liabilities - non-current	(III), (IV) and (VI).18	15,914	-	11,711	-
2640	Net defined benefit liabilities - non-current	(IV) and (VI).14	26,448	1	34,237	1
2645	Guarantee deposits	(XII)	5,606	-	2,696	-
25xx	Total non-current liabilities		108,066	2	100,441	2
2xxx	Total liabilities		2,908,941	48	2,221,051	42
31xx	Equity attributable to owners of the parent company	(VI).15				
3100	Share capital					
3110	Ordinary share		1,063,603	18	1,063,603	20
3200	Capital surplus		166,514	3	166,514	3
3300	Retained earnings					
3310	Legal reserve		943,184	15	879,312	17
3320	Special reserve		144	-	144	-
3350	Unappropriated retained earnings		950,400	16	873,169	17
	Total retained earnings		1,893,728	31	1,752,625	34
3400	Other equity interests		1,482	-	37,131	1
3xxx	Total equity		3,125,327	52	3,019,873	58
	Total liabilities and equity		\$ 6,034,268	100	\$ 5,240,924	100

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

## Attachment 6

Stark Technology Inc.  
Parent Company Only Statement of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021  
(All amounts are in NTD thousands, except for earnings per share)

Code	Major Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Net operating revenue	(IV), (VI).16 and (VII)	\$ 5,794,860	100	\$ 5,123,089	100
5000	Operating cost	(VI).6, (VI).19 and (VII)	(4,289,958)	(74)	(3,821,276)	(74)
5900	Operating margin		1,504,902	26	1,301,813	26
6000	Operating expenses	(VI).17 and (VI).18				
6200	Administrative expenses	(VI).19 and (VII)	(742,177)	(13)	(629,192)	(12)
6300	Research and development expenses		(84,411)	(1)	(91,040)	(2)
6450	Expected credit impairment (loss) reversal gain		1,651	-	(1,188)	-
	Total operating expenses		(824,937)	(14)	(721,420)	(14)
6900	Operating income		679,965	12	580,393	12
7000	Non-operating income and expenses	(VI).20 and (VII)				
7100	Interest income		6,957	-	8,202	-
7010	Other income		51,149	1	13,833	-
7020	Other gains and losses		28,644	-	2,881	-
7050	Finance costs		(1,658)	-	(1,417)	-
7070	Share of profits/losses on subsidiaries, associated companies, and joint ventures accounted for using the equity method		116,315	2	152,627	3
	Total non-operating income and expenses		201,407	3	176,126	3
7900	Income before income tax		881,372	15	756,519	15
7950	Income tax expenses	(IV) and (VI).22	(146,201)	(2)	(118,357)	(2)
8200	Net income	(IV) and (VI).23	735,171	13	638,162	13
8300	Other comprehensive income					
8310	Items not reclassified into profit or loss					
8311	Remeasurement of defined benefit plan	(VI).21	4,596	-	944	-
8316	Unrealized (losses) gains on investments in equity instruments at fair value through other comprehensive income		(41,936)	(1)	7,717	-
8349	Income tax benefit (expense) related to items that are not reclassified into profit or loss		(919)	-	(189)	-
8360	Items likely to be reclassified into profit or loss	(VI).21				
8361	Exchange differences on translation of foreign operations		6,287	-	1,576	-
	Other comprehensive income for the current period (net of income tax)		(31,972)	(1)	10,048	-
8500	Total comprehensive income for the period		\$ 703,199	12	\$ 648,210	13
	Earnings per share (NTD)					
9750	Basic earnings per share					
9710	Net income	(VI).23	\$ 6.91		\$ 6.00	
9850	Diluted earnings per share					
9810	Net income	(VI).23	\$ 6.86		\$ 5.97	

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

# Attachment 7

Stark Technology Inc.  
Parent Company Only Statement of Changes in Equity  
For the Years Ended December 31, 2022 and 2021  
(All amounts in NTD thousands)

Code	Item	Share capital 3100	Capital surplus 3200	Retained earnings			Other equity items		Total equity 3XXX
				Legal reserve 3310	Special reserve 3320	Unappropriated retained earnings 3350	Exchange differences on translation of foreign operations 3410	Unrealized gains (losses) on financial assets at fair value through other comprehensive income 3420	
A1	Balance as at January 1, 2021	\$ 1,063,603	\$ 166,514	\$ 833,911	\$ 62,079	\$ 675,258	\$ (25,798)	\$ 53,445	\$ 2,829,012
	Appropriation and distribution of 2020 earnings (Note)								
B1	Appropriation of legal reserve	-	-	45,401	-	(45,401)	-	-	-
B3	Reversal of special reserve	-	-	-	(61,935)	61,935	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(457,349)	-	-	(457,349)
D1	Net income for the year ended December 31, 2021	-	-	-	-	638,162	-	-	638,162
D3	Other comprehensive income for the year ended December 31, 2021	-	-	-	-	755	1,576	7,717	10,048
D5	Total comprehensive income for the period	-	-	-	-	638,917	1,576	7,717	648,210
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(191)	-	191	-
Z1	Balance as at December 31, 2021	<u>\$ 1,063,603</u>	<u>\$ 166,514</u>	<u>\$ 879,312</u>	<u>\$ 144</u>	<u>\$ 873,169</u>	<u>\$ (24,222)</u>	<u>\$ 61,353</u>	<u>\$ 3,019,873</u>
A1	Balance as at January 1, 2022	\$ 1,063,603	\$ 166,514	\$ 879,312	\$ 144	\$ 873,169	\$ (24,222)	\$ 61,353	\$ 3,019,873
	Appropriation and distribution of 2021 earnings (Note)								
B1	Appropriation of legal reserve	-	-	63,872	-	(63,872)	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(597,745)	-	-	(597,745)
D1	Net income for the year ended December 31, 2022	-	-	-	-	735,171	-	-	735,171
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	3,677	6,287	(41,936)	(31,972)
D5	Total comprehensive income for the period	-	-	-	-	738,848	6,287	(41,936)	703,199
Z1	Balance as at December 31, 2022	<u>\$ 1,063,603</u>	<u>\$ 166,514</u>	<u>\$ 943,184</u>	<u>\$ 144</u>	<u>\$ 950,400</u>	<u>\$ (17,935)</u>	<u>\$ 19,417</u>	<u>\$ 3,125,327</u>

(Please refer to notes to parent company only financial statements)

Note: Employee remuneration for the years ended December 31, 2022 and 2021 amounted to NT\$67,000 thousand and NT\$37,100 thousand, respectively.

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

# Attachment 8

Stark Technology Inc.  
Parent Company Only Statement of Cash Flow  
For the Years Ended December 31, 2022 and 2021  
(All amounts in NTD thousands)

Code	Item	2022	2021	Code	Item	2022	2021
		Amount	Amount			Amount	Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Income before income tax	\$ 881,372	\$ 756,519	B00010	Acquisition of financial assets at fair value through other comprehensive income	(26,000)	(1,950)
A20000	Adjustments:			B00020	Disposal of financial assets at fair value through profit or loss	-	15,167
A20010	Income, expenses and losses:			B00030	Capital reduction of financial assets at fair value through other comprehensive income	-	50
A20100	Depreciation expenses	30,021	32,694	B01800	Acquisition of investments accounted for using the equity method	-	(1,955)
A20200	Amortization expenses	6,928	8,326	B02700	Acquisition of property, plant and equipment	(8,991)	(8,859)
A20300	Expected credit impairment loss (reversal gain)	(1,651)	1,188	B03700	Increase in refundable deposits	(36,978)	(20,416)
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	-	(2,577)	B04500	Acquisition of intangible assets	(1,845)	(9,618)
A20900	Interest expense	1,658	1,417	B06500	Decrease(Increase) in other financial assets	(4,240)	1,723
A21200	Interest income	(6,957)	(8,202)	B06700	Decrease(Increase) in other non-current assets	(541)	4,408
A21300	Dividend income	(3,014)	(1,819)	BBBB	Net cash outflow from investing activities	(78,595)	(21,450)
A22400	Share of profits on subsidiaries, associated companies, and joint ventures accounted for using the equity method	(116,315)	(152,627)				
A31000	Changes in assets/liabilities that are related to operating activities:			CCCC	Cash flow from financing activities:		
A31125	Contract assets	(64,915)	104,268	C00200	Increase in short-term loans	80,000	70,000
A31130	Notes receivable	(6,457)	(1,236)	C03000	Increase in guarantee deposits	2,910	991
A31150	Accounts receivable	(31,412)	(9,100)	C04020	Repayment of lease principal	(14,411)	(15,961)
A31160	Accounts receivable - related parties	1,705	(2,157)	C04500	Distribution of cash dividends	(597,745)	(457,349)
A31180	Other receivables	(18)	(2,213)	CCCC	Net cash outflow from financing activities	(529,246)	(402,319)
A31200	Inventories	(426,954)	(223,977)				
A31230	Prepayments	(182,406)	(34,636)	EEEE	Net increase (decrease) in cash and cash equivalents for the current period	55,398	(9,098)
A31240	Other current assets	(115)	2,156	E00100	Cash and cash equivalents, beginning of period	794,748	803,846
A32125	Contract liabilities - current	334,642	(8,624)	E00200	Cash and cash equivalents, end of period	\$ 850,146	\$ 794,748
A32130	Notes payable	17,918	(1,765)				
A32150	Accounts payable	141,463	(45,994)				
A32160	Accounts payable - related parties	(765)	(2,510)				
A32180	Other payables	48,975	408				
A32200	Provisions	(6,809)	(25,947)				
A32230	Other current liabilities	(1,482)	38,696				
A32240	Net defined benefit liabilities	(3,193)	267				
A33000	Cash inflow from operations	612,219	422,555				
A33100	Interests received	3,076	4,922				
A33200	Dividend received	118,525	81,431				
A33300	Interests paid	(1,170)	(804)				
A33500	Income tax paid	(69,411)	(93,433)				
AAAA	Net cash inflow from operating activities	663,239	414,671				

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu



# Attachment 9

Stark Technology Inc. and Subsidiaries  
Consolidated Balance Sheet  
As at December 31, 2022 and December 31, 2021  
(All amounts in NTD thousands)

Asset			December 31, 2022		December 31, 2021	
Code	Item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	(IV), (VI). 1 and (XII)	\$ 1,534,624	24	\$ 1,450,910	25
1140	Contract assets - current	(IV), (VI).15 and (VI).16	248,953	4	204,391	4
1150	Notes receivable, net	(IV), (VI).4, (VI).16, and (XII)	10,342	-	5,759	-
1172	Accounts receivable	(IV), (VI).5, (VI).16, and (XII)	513,172	8	621,152	11
1173	Installment accounts receivable	(IV), (VI).5, (VI).16, and (XII)	79,052	1	55,912	1
1200	Other receivables	(XII)	4,719	-	5,402	-
130x	Inventories	(IV) and (VI).6	2,530,729	39	1,991,209	34
1410	Prepayments	(IV) and (VI).7	663,641	10	493,274	8
1476	Other financial assets - current	(IV), (VIII) and (XII)	15,372	-	9,013	-
1478	Refundable deposits	(XII)	137,870	2	149,443	3
1479	Other current assets		1,497	-	1,394	-
11xx	Total current assets		5,739,971	88	4,987,859	86
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income -non -current	(IV), (VI).3 and (XII)	121,666	2	144,213	3
1600	Property, plant and equipment	(IV), and (VI).8	440,151	7	446,238	8
1755	Right-of-use assets	(III), (IV), and (VI).17	26,018	-	23,799	1
1780	Intangible asset	(IV) and (VI).9	2,911	-	7,998	-
1840	Deferred income tax assets	(IV) and (VI). 21	15,804	-	17,497	-
1920	Refundable deposits	(XII)	117,592	2	81,143	1
1933	Long-term installment accounts receivable	(IV), (VI).5, (VI).16, and (XII)	37,711	1	70,001	1
1980	Other financial assets - non-current	(IV), (VIII) and (XII)	4,796	-	6,842	-
1990	Other non-current assets	(VI).10	1,678	-	1,279	-
15xx	Total non-current assets		768,327	12	799,010	14
1xxx	Total assets		\$ 6,508,298	100	\$ 5,786,869	100

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc. and Subsidiaries (Continued)  
Consolidated Balance Sheet  
As at December 31, 2022 and December 31, 2021  
(All amounts in NTD thousands)

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	(IV), (VI).11 and (XII)	\$ 150,000	2	\$ 70,000	1
2130	Contract liabilities - current	(IV) and (VI).15	1,492,594	23	1,173,794	20
2150	Notes payable	(XII)	18,860	-	963	-
2170	Accounts payable	(XII)	1,038,247	16	928,812	16
2200	Other payables	(XII)	303,391	5	261,730	5
2230	Current income tax liabilities	(IV) and (VI).21	178,070	3	126,837	2
2250	Provisions	(VI).12	7,427	-	14,720	-
2280	Lease liabilities - current	(III), (IV), (VI).17 and (XII)	10,456	-	12,101	-
2399	Other current liabilities		75,483	1	76,524	2
21xx	Total current liabilities		3,274,528	50	2,665,481	46
	Non-current liabilities					
2570	Deferred income tax liabilities	(IV) and (VI).21	60,098	1	51,797	1
2580	Lease liabilities - non-current	(III), (IV), (VI).17 and (XII)	15,914	-	12,343	-
2640	Net defined benefit liabilities - non-current	(IV) and (VI).13	26,448	1	34,237	1
2645	Guarantee deposits	(XII)	5,983	-	3,138	-
25xx	Total non-current liabilities		108,443	2	101,515	2
2xxx	Total liabilities		3,382,971	52	2,766,996	48
31xx	Equity attributable to owners of the parent company	(VI).14				
3100	Share capital					
3110	Ordinary share		1,063,603	16	1,063,603	18
3200	Capital surplus		166,514	3	166,514	3
3300	Retained earnings					
3310	Legal reserve		943,184	14	879,312	15
3320	Special reserve		144	-	144	-
3350	Unappropriated retained earnings		950,400	15	873,169	15
	Total retained earnings		1,893,728	29	1,752,625	30
3400	Other equity interests	(VI).20	1,482	-	37,131	1
3xxx	Total equity		3,125,327	48	3,019,873	52
	Total liabilities and equity		\$ 6,508,298	100	\$ 5,786,869	100

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

# Attachment 10

Stark Technology Inc. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021  
(All amounts are in NTD thousands, except for earnings per share)

Code	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	Net operating revenue	(IV) and (VI).15	\$ 6,728,995	100	\$ 6,579,554	100
5000	Operating cost	(VI).6 and (VI).18	(4,994,017)	(74)	(4,980,918)	(76)
5900	Operating margin		<u>1,734,978</u>	<u>26</u>	<u>1,598,636</u>	<u>24</u>
6000	Operating expenses	(VI).17 and (VI).18				
6200	Administrative expenses		(850,219)	(13)	(749,602)	(11)
6300	Research and development expenses		(84,411)	(1)	(91,040)	(2)
6450	Expected credit impairment reversal gain	(VI).16	<u>3,264</u>	<u>-</u>	<u>2,539</u>	<u>-</u>
	Total operating expenses		<u>(931,366)</u>	<u>(14)</u>	<u>(838,103)</u>	<u>(13)</u>
6900	Operating income		<u>803,612</u>	<u>12</u>	<u>760,533</u>	<u>11</u>
7000	Non-operating income and expenses	(VI).19				
7100	Interest income		13,382	-	12,889	-
7010	Other income		63,449	1	23,877	1
7020	Other gains and losses		30,581	1	2,499	-
7050	Finance costs		<u>(1,714)</u>	<u>-</u>	<u>(1,451)</u>	<u>-</u>
	Total non-operating income and expenses		<u>105,698</u>	<u>2</u>	<u>37,814</u>	<u>1</u>
7900	Income before income tax		909,310	14	798,347	12
7950	Income tax expenses	(IV) and (VI).21	<u>(174,139)</u>	<u>(3)</u>	<u>(160,185)</u>	<u>(2)</u>
8200	Net income		<u>735,171</u>	<u>11</u>	<u>638,162</u>	<u>10</u>
8300	Other comprehensive income					
8310	Items not reclassified into profit or loss	(VI).20				
8311	Remeasurement of defined benefit obligation		4,596	-	944	-
8316	Unrealized (losses) gains on investments in equity instruments at fair value through other comprehensive income		(41,936)	(1)	7,717	-
8349	Income tax benefit (expense) related to items that are not reclassified into profit or loss		<u>(919)</u>	<u>-</u>	<u>(189)</u>	<u>-</u>
8360	Items likely to be reclassified into profit or loss	(VI).20				
8361	Exchange differences on translation of foreign operations		<u>6,287</u>	<u>-</u>	<u>1,576</u>	<u>-</u>
	Other comprehensive income for the current period (net of income tax)		<u>(31,972)</u>	<u>(1)</u>	<u>10,048</u>	<u>-</u>
8500	Total comprehensive income for the period		<u>\$ 703,199</u>	<u>10</u>	<u>\$ 648,210</u>	<u>10</u>
8600	Net income attributable to:	(VI).22				
8610	Owners of the parent company		\$ 735,171		\$ 638,162	
8620	Non-controlling interest		<u>-</u>		<u>-</u>	
			<u>\$ 735,171</u>		<u>\$ 638,162</u>	
8700	Comprehensive income attributable to:					
8710	Owners of the parent company		\$ 703,199		\$ 648,210	
8720	Non-controlling interest		<u>-</u>		<u>-</u>	
			<u>\$ 703,199</u>		<u>\$ 648,210</u>	
	Earnings per share (NTD)					
9750	Basic earnings per share					
9710	Net income	(VI).22	<u>\$ 6.91</u>		<u>\$ 6.00</u>	
9850	Diluted earnings per share					
9810	Net income	(VI).22	<u>\$ 6.86</u>		<u>\$ 5.97</u>	

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

# Attachment 11

Stark Technology Inc. and Subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years Ended December 31, 2022 and 2021

(All amounts in NTD thousands)

Code	Item	Equity attributable to owners of the parent company								Total equity
		Share capital	Capital surplus	Retained earnings			Other equity items		Total	
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
		3100	3200	3310	3320	3350	3410	3420	31XX	3XXX
A1	Balance as at January 1, 2021	\$ 1,063,603	\$ 166,514	\$ 833,911	\$ 62,079	\$ 675,258	\$ (25,798)	\$ 53,445	\$ 2,829,012	\$ 2,829,012
	Appropriation and distribution of 2020 earnings									
B1	Appropriation of legal reserve	-	-	45,401	-	(45,401)	-	-	-	-
B3	Reversal of special reserve	-	-	-	(61,935)	61,935	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(457,349)	-	-	(457,349)	(457,349)
D1	Net income for 2021	-	-	-	-	638,162	-	-	638,162	638,162
D3	Other comprehensive income for 2021	-	-	-	-	755	1,576	7,717	10,048	10,048
D5	Total comprehensive income for the period	-	-	-	-	638,917	1,576	7,717	648,210	648,210
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(191)	-	191	-	-
Z1	Balance as at December 31, 2021	\$ 1,063,603	\$ 166,514	\$ 879,312	\$ 144	\$ 873,169	\$ (24,222)	\$ 61,353	\$ 3,019,873	\$ 3,019,873
A1	Balance as at January 1, 2022	\$ 1,063,603	\$ 166,514	\$ 879,312	\$ 144	\$ 873,169	\$ (24,222)	\$ 61,353	\$ 3,019,873	\$ 3,019,873
	Appropriation and distribution of 2021 earnings									
B1	Appropriation of legal reserve	-	-	63,872	-	(63,872)	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(597,745)	-	-	(597,745)	(597,745)
D1	Net income for 2022	-	-	-	-	735,171	-	-	735,171	735,171
D3	Other comprehensive income for 2022	-	-	-	-	3,677	6,287	(41,936)	(31,972)	(31,972)
D5	Total comprehensive income for the period	-	-	-	-	738,848	6,287	(41,936)	703,199	703,199
Z1	Balance as at December 31, 2022	\$ 1,063,603	\$ 166,514	\$ 943,184	\$ 144	\$ 950,400	\$ (17,935)	\$ 19,417	\$ 3,125,327	\$ 3,125,327

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

## Attachment 12

Stark Technology Inc. and Subsidiaries  
Consolidated Statement of Cash Flow  
For the Years Ended December 31, 2022 and 2021  
(All amounts in NTD thousands)

Code	Item	2022 Amount	2021 Amount	Code	Item	2022 Amount	2021 Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Income before income tax	\$ 909,310	\$ 798,347	B00010	Acquisition of financial assets at fair value through other comprehensive income	(26,000)	(44,021)
A20000	Adjustments:			B00030	Capital reduction of financial assets at fair value through other comprehensive income	6,611	95
A20010	Income, expenses and losses:			B00200	Disposal of financial assets at fair value through profit or loss	-	15,167
A20100	Depreciation expenses	31,172	34,070	B02000	Increase in prepayments for investments	(8,000)	-
A20200	Amortization expenses	6,932	8,331	B02700	Acquisition of property, plant and equipment	(9,013)	(8,859)
A20300	Expected credit impairment reversal gain	(3,264)	(2,539)	B02800	Disposal of property, plant and equipment	-	4
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	-	(2,577)	B03700	Increase in refundable deposits	(24,876)	(14,989)
A20900	Interest expense	1,714	1,451	B04500	Acquisition of intangible assets	(1,845)	(9,618)
A21200	Interest income	(13,382)	(12,889)	B06500	Increase(decrease) in other financial assets	(4,313)	1,670
A21300	Dividend income	(10,560)	(3,839)	B06700	Increase (decrease) in other non-current assets	(399)	4,524
A22500	Loss on disposal of property, plant and equipment	-	2	BBBB	Net cash outflow from investing activities	(67,835)	(56,027)
A31000	Changes in assets/liabilities that are related to operating activities:						
A31125	Contract assets	(37,173)	135,583	CCCC	Cash flow from financing activities:		
A31130	Notes receivable	(4,583)	(2,930)	C00200	Increase in short-term loans	80,000	70,000
A31150	Accounts receivable	117,049	21,320	C03000	Increase in guarantee deposits	2,845	317
A31180	Other receivables	689	(2,728)	C04020	Repayment of lease principal	(15,359)	(17,024)
A31200	Inventories	(540,953)	(34,752)	C04500	Distribution of cash dividends	(597,745)	(457,349)
A31230	Prepayments	(162,367)	(30,660)	CCCC	Net cash outflow from financing activities	(530,259)	(404,056)
A31240	Other current assets	(103)	2,156				
A32125	Contract liabilities - current	318,800	(55,414)	DDDD	Effect of exchange rate variation on cash and cash equivalents	6,199	1,532
A32130	Notes payable	17,897	(1,783)				
A32150	Accounts payable	109,435	(188,194)	EEEE	Net increase in cash and cash equivalents for the current period	83,714	102,506
A32180	Other payables	41,636	(6,562)	E00100	Cash and cash equivalents, beginning of period	1,450,910	1,348,404
A32200	Provisions	(7,293)	(27,451)	E00200	Cash and cash equivalents, end of period	\$ 1,534,624	\$ 1,450,910
A32230	Other current liabilities	(1,041)	40,375				
A32240	Net defined benefit liabilities	(3,193)	267				
A33000	Cash inflow from operations	770,722	669,584				
A33100	Interests received	9,328	9,688				
A33200	Dividend received	10,560	3,839				
A33300	Interests paid	(1,170)	(804)				
A33500	Income tax paid	(113,831)	(121,250)				
AAAA	Net cash inflow from operating activities	675,609	561,057				

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

## Stark Technology Inc.

### Comparison Table for the Articles of the Procedures for Endorsements and Guarantees Before and After Revisions

Revised Articles	Articles before revision	Reasons for revision
<p>Article 5 Decision-making and level of authorization</p> <p>I. Any endorsements and guarantees matters of the Company shall be submitted to the Board for resolution and approval. When independent directors have been appointed, their opinions must be fully taken into consideration when the matter is proposed for discussion among the Board of Directors. <u>Any objections or qualified opinions expressed by independent directors must be detailed in the board meeting minutes.</u> The Company's board may delegate the Board Chairperson to decide such matters when transaction is within 15% of the current net worth according to the these Procedures and have the decision subsequently submitted to and ratified by the next Board Meeting.</p> <p>II. When the Company with more than 90% of its voting shares is directly or indirectly held by its</p>	<p>Article 5 Decision-making and level of authorization</p> <p>I. Any endorsements and guarantees matters of the Company shall be submitted to the Board for resolution and approval. When the independent directors have been appointed, the opinions of each independent director shall be taken into full consideration <del>and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</del> The Company's board may delegate the Board Chairperson to decide such matters when transaction is within 15% of the current net worth according to the these Procedures and have the decision subsequently submitted to and ratified by the next Board Meeting.</p> <p>II. When the Company with more than 90% of its voting shares is directly or</p>	<p>Revisions made to fulfil the responsibilities of the Auditing Committee</p>

Revised Articles	Articles before revision	Reasons for revision
<p>subsidiary according to Article 3, Paragraph 2, it shall submit the proposal to the Company's Board for approval by resolution before beginning the process for endorsements and guarantees. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>III. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall submit to the Board of Directors for approval. Half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements and Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time</p>	<p>indirectly held by its subsidiary according to Article 3, Paragraph 2, it shall submit the proposal to the Company's Board for approval by resolution before beginning the process for endorsements and guarantees. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>III. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall submit to the Board of Directors for approval. Half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements and Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the</p>	

Revised Articles	Articles before revision	Reasons for revision
limit.	amount in excess within a given time limit.	
<p>Article 10 Public disclosure and filing procedures</p> <p>Public disclosure and filing for the Company and subsidiaries shall be made before the tenth day of the month by the Company on the balance of the endorsements and guarantees for the previous month. For endorsements and guarantees that reaches any one of the standards below, their public disclosure and filing shall be made within 2 days starting from the fact occurrence date. Fact occurrence date refers to the contract signing date, payment date, board resolution date or other dates on which the <b>endorsement and guarantee</b> party and amount have been confirmed with sufficient funds, whichever date is earlier:</p> <p>I. The balances of the endorsements/guarantees of the Company and subsidiaries amounted to over 50% of the Company's net worth in the latest financial statements.</p> <p>II. The balances of the endorsements/guarantees of the Company and subsidiaries to a single entity amounted to over 20% of the Company's net worth in the latest financial statements.</p> <p>III. The balances of the endorsements/guarantees of the Company and</p>	<p>Article 10 Public disclosure and filing procedures</p> <p>Public disclosure and filing for the Company and subsidiaries shall be made before the tenth day of the month by the Company on the balance of the endorsements and guarantees for the previous month. For endorsements and guarantees that reaches any one of the standards below, their public disclosure and filing shall be made within 2 days starting from the fact occurrence date. Fact occurrence date refers to the <del>transaction</del> contract signing date, payment date, board resolution date or other dates on which the endorsement and guarantee <del>transaction</del> party and <del>transaction</del> amount have been confirmed with sufficient funds, whichever date is earlier:</p> <p>I. The balances of the endorsements/guarantees of the Company and subsidiaries amounted to over 50% of the Company's net worth in the latest financial statements.</p> <p>II. The balances of the endorsements/guarantees of the Company and subsidiaries to a single entity amounted to over 20% of the Company's net worth in the latest financial statements.</p> <p>III. The balances of the endorsements/guarantees</p>	Revisions are made to comply with the laws.



Revised Articles	Articles before revision	Reasons for revision
<p>subsidiaries to a single entity amounted to over NT\$ 10 million, and the <b>book value</b> of the investments accounted for <b>using under equity method</b> applied to the endorsements/guarantees and balances of the lending funds, their total amount exceeds over 30% of the Company's net worth in the latest financial statements.</p> <p>IV. The balances of the new endorsements/guarantees of the Company or subsidiaries amounted to over NT\$ 30 million and exceed over 5% of the Company's net worth in the latest financial statements.</p> <p>Where subsidiaries of the Company do not fall under the category of domestic public companies and any matters of the subsidiaries under Point Four in the preceding paragraph, the public disclosure and filing shall be made by the Company.</p>	<p>of the Company and subsidiaries to a single entity amounted to over NT\$ 10 million, and the <del>long-term</del> investments applied to the endorsements/guarantees and balances of the lending funds, their total amount exceeds over 30% of the Company's net worth in the latest financial statements.</p> <p>IV. The balances of the new endorsements/guarantees of the Company or subsidiaries amounted to over NT\$ 30 million and exceed over 5% of the Company's net worth in the latest financial statements.</p> <p>Where subsidiaries of the Company do not fall under the category of domestic public companies and any matters of the subsidiaries under Point Four in the preceding paragraph, the public disclosure and filing shall be made by the Company.</p>	
<p>Article 13 These Procedures must be approved by <b>a majority of all members of the Audit Committee</b> and submitted to the Board of Directors for approval <b>by resolution</b>, followed by <b>submitting</b> to shareholders' meeting for approval before implementation. Subsequent amendments thereto must be effected in the same manner.</p>	<p>Article 13 The Procedures must be approved by a majority of all members of the Audit Committee and <del>submitted to</del> the Board of Directors for approval, followed by <del>submitting to</del> shareholders' meeting for approval before implementation. Subsequent amendments thereto must be effected in the same manner.</p>	<p>Revisions made to fulfil the responsibilities of the Auditing Committee</p>

Revised Articles	Articles before revision	Reasons for revision
<p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all Directors, and the resolution of the audit committee must be recorded in the minutes of the Board of Directors meeting. All audit committee members mentioned in paragraph one and all directors mentioned in the preceding paragraph refer to counting of the incumbent.</p> <p>Independent directors' opinions shall be fully taken into consideration when the Procedures for Endorsements and Guarantees is proposed for discussion among the Board of Directors. Any objections or qualified opinions expressed by independent directors shall be detailed in board meeting minutes.</p>	<p><del>When the Company submitted the Procedures to The Board for discussions in accordance with the preceding regulations, the opinions of each independent director shall be taken into full consideration and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</del></p>	

## Stark Technology Inc.

### Comparison Table for the Articles of the Procedures for Lending Funds to Other Parties Before and After Amendments

Revised Articles	Articles before revision	Reasons for revision
<p>Article 4 Total sum of the lending funds and the limits for each party The total sum of the lending funds by the Company is limited to within 40% of the Company's net worth. The accumulated amount for the lending funds due to the business dealings shall not exceed 25% of the aforementioned lending funds. The accumulated amount for the short-term financing facility loan shall not exceed 75% of the total sum of the aforementioned lending funds. For companies or firms that have business transactions with the Company, the individual loan amount is limited to within the amount of the business transactions between both parties. The business transaction amounts refer to the purchase or sales amount between both parties, whichever is higher. For companies or firms with the need for short-term financing facility, the individual loan amount for the subsidiaries which the Company held more than 50% of their common stock shall not exceed more than 30% of the current net worth, and the remainder shall not exceed 10% of the current net worth. Inter-company loans of funds</p>	<p>Article 4 Total sum of the lending funds and the limits for each party The total sum of the lending funds by the Company is limited to within 40% of the Company's net worth. The accumulated amount for the lending funds due to the business dealings shall not exceed 25% of the aforementioned lending funds. The accumulated amount for the short-term financing facility loan shall not exceed 75% of the total sum of the aforementioned lending funds. For companies or firms that have business transactions with the Company, the individual loan amount is limited to within the amount of the business transactions between both parties. The business transaction amounts refer to the purchase or sales amount between both parties, whichever is higher. For companies or firms with the need for short-term financing facility, the individual loan amount for the subsidiaries which the Company held more than 50% of their common stock shall not exceed more than 30% of the current net worth, and the remainder shall not exceed 10% of the current net worth. Loaning of funds made between</p>	<p>Revisions are made to comply with the laws.</p>

Revised Articles	Articles before revision	Reasons for revision
<p>between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, <b>or loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares</b>, are regulated by the preceding three paragraphs and Article 5.</p>	<p>overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares is regulated by the preceding three paragraphs and Article 5.</p>	
<p>Article 7 Procedures for Lending Funds</p> <p>(I) Credit Checking</p> <p>For matters regarding processing of loans by the Company, the borrower shall attach the necessary company and financial information in written form in the credit limit application to the Company.</p> <p>After the Company has accepted the application, the Finance Department shall carry out the investigation and evaluation on the business, financial position, liquidity analysis and credit, profitability and loan purpose of the loan party and formulate a report on the outcomes.</p> <p>The evaluation items for a detailed investigation and evaluation review on the loan borrowing party by the Finance department shall include the following:</p> <p>(1) Necessity and reasonableness for loaning to other</p>	<p>Article 7 Procedures for Lending Funds</p> <p>(I) Credit Checking</p> <p>For matters regarding processing of loans by the Company, the borrower shall attach the necessary company and financial information in written form in the credit limit application to the Company.</p> <p>After the Company has accepted the application, the Finance Department shall carry out the investigation and evaluation on the business, financial position, liquidity analysis and credit, profitability and loan purpose of the loan party and formulate a report on the outcomes.</p> <p>The evaluation items for a detailed investigation and evaluation review on the loan borrowing party by the Finance department shall include the following:</p> <p>(1) Necessity and reasonableness for loaning to other</p>	<p>Revisions made to fulfil the responsibilities of the Auditing Committee</p>

Revised Articles	Articles before revision	Reasons for revision
<p>parties.</p> <p>(2) Measuring the necessity of loaning to other parties and the amount based on their financial position.</p> <p>(3) Whether the accumulated loan amount remains within the limits.</p> <p>(4) Effects to the Company's operation risks, financial position and shareholders' equity.</p> <p>(5) Whether to obtain the collaterals and their evaluation value.</p> <p>(6) Attached the credit check and risk evaluation records of the other parties receiving the loans.</p> <p>(II) Scope of authorization For matters regarding processing of loans by the Company, the Company's Financial Department carries out the credit check and submits the case to the President for approval. Subsequently, the case is submitted to The Board for approval by resolution before the loan process begins and no other persons can be authorized to make the decision. The independent directors' opinions must be fully taken into consideration. <b>Any objections or qualified opinions expressed by</b></p>	<p>parties.</p> <p>(2) Measuring the necessity of loaning to other parties and the amount based on their financial position.</p> <p>(3) Whether the accumulated loan amount remains within the limits.</p> <p>(4) Effects to the Company's operation risks, financial position and shareholders' equity.</p> <p>(5) Whether to obtain the collaterals and their evaluation value.</p> <p>(6) Attached the credit check and risk evaluation records of the other parties receiving the loans.</p> <p>(II) Scope of authorization For matters regarding processing of loans by the Company, the Company's Financial Department carries out the credit check and submits the case to the President for approval. Subsequently, the case is submitted to The Board for approval by resolution before the loan process begins and no other persons can be authorized to make the decision. The opinions of each independent director shall be taken into full consideration <del>and their opinions specifically expressing assent or dissent</del></p>	

Revised Articles	Articles before revision	Reasons for revision
<p><b>independent directors must be detailed in the board meeting minutes.</b></p> <p>Loans between the Company and subsidiaries or loans between subsidiaries, the loan proposal shall be submitted to The Board for approval by resolution and for authorization to the Chairman to handle the matter of fund lending to the same party for the amount within a certain amount determined by The Board resolution and the lending is authorized in installment or revolver within one year.</p> <p>The certain amount mentioned in the preceding paragraph needs to comply with Article 4, Paragraph 4, and the authorized limit of the lending funds by the Company and subsidiaries to a single entity shall not amount to over 10% of the Company's net worth in the latest financial statements.</p>	<p><del>and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</del></p> <p>Loans between the Company and subsidiaries or loans between subsidiaries, the loan proposal shall be submitted to The Board for approval by resolution and for authorization to the Chairman to handle the matter of fund lending to the same party for the amount within a certain amount determined by The Board resolution and the lending is authorized in installment or revolver within one year.</p> <p>The certain amount mentioned in the preceding paragraph needs to comply with Article 4, Paragraph 4, and the authorized limit of the lending funds by the Company and subsidiaries to a single entity shall not amount to over 10% of the Company's net worth in the latest financial statements.</p>	
<p>Article 14 Public disclosure and filing</p> <p>(I) Public disclosure and filing for the Company and subsidiaries shall be made before the tenth day of the month by the Company on the balance of the lending funds for the previous month.</p> <p>(II) For the Company's</p>	<p>Article 14 Public disclosure and filing</p> <p>(I) Public disclosure and filing for the Company and subsidiaries shall be made before the tenth day of the month by the Company on the balance of the lending funds for the previous month.</p> <p>(II) For the Company's</p>	<p>Revisions are made to comply with the laws.</p>

Revised Articles	Articles before revision	Reasons for revision
<p>lending funds that reaches any one of the standards below, their public disclosure and filing shall be made within 2 days starting from the fact occurrence date. Fact occurrence date refers to the contract signing date, payment date, board resolution date or other dates on which the <b>lending funds'</b> receiving party and amount have been confirmed with sufficient funds, whichever date is earlier:</p> <p>(1) The balances of the loans to other parties provided by the Company and subsidiaries amounted to over 20% of the Company's net worth in the latest financial statements.</p> <p>(2) The balances of the loans provided by the Company and subsidiaries to a single entity amounted to over 10% of the Company's net worth in the latest financial statements.</p> <p>(3) The amount of the new loans provided by the Company or subsidiaries amounted to over</p>	<p>lending funds that reaches any one of the standards below, their public disclosure and filing shall be made within 2 days starting from the fact occurrence date. Fact occurrence date refers to the <del>transaction</del> contract signing date, payment date, board resolution date or other dates on which the endorsement and guarantee <del>transaction</del> party and <del>transaction</del> amount have been confirmed with sufficient funds, whichever date is earlier:</p> <p>(1) The balances of the loans to other parties provided by the Company and subsidiaries amounted to over 20% of the Company's net worth in the latest financial statements.</p> <p>(2) The balances of the loans provided by the Company and subsidiaries to a single entity amounted to over 10% of the Company's net worth in the latest financial statements.</p> <p>(3) The amount of the new loans provided by the Company or</p>	

Revised Articles	Articles before revision	Reasons for revision
<p>NT\$ 10 million and exceeds over 2% of the Company's net worth in the latest financial statements.</p> <p>Where subsidiaries of the Company do not fall under the category of domestic public companies and any matters of the subsidiaries under Point Three in the preceding paragraph, the public disclosure and filing shall be made by the Company.</p>	<p>subsidiaries amounted to over NT\$ 10 million and exceeds over 2% of the Company's net worth in the latest financial statements.</p> <p>Where subsidiaries of the Company do not fall under the category of domestic public companies and any matters of the subsidiaries under Point Three in the preceding paragraph, the public disclosure and filing shall be made by the Company.</p>	
<p>Article 16 Coming into effect and revisions</p> <p>The Procedures for Lending Funds to Other Parties established by the Company must be approved <u>by a majority of all members of the Audit Committee and</u> submitted to the Board of Directors for approval <u>by resolution</u>, followed by submitting to shareholders' meeting for approval before implementation. Subsequent amendments thereto must be effected in the same manner.</p> <p><u>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all Directors, and the resolution of the audit committee must be recorded in the minutes of the</u></p>	<p>Article 16 Coming into effect and revisions</p> <p>The Procedures for Lending Funds to Other Parties established by the Company must be approved by the Audit Committee and <del>submitted</del> to the Board of Directors for approval, followed by submitting to shareholders' meeting for approval before implementation. Subsequent amendments thereto must be effected in the same manner.</p> <p>When the Company submitted the Procedures for Lending Funds to Other Parties to The Board for discussions <del>in accordance with the preceding regulations</del>, the opinions of each independent director shall be taken into full consideration <del>and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the</del></p>	<p>Revisions made to fulfil the responsibilities of the Auditing Committee</p>



Revised Articles	Articles before revision	Reasons for revision
<p><u>Board of Directors meeting.</u>  <u>All audit committee members mentioned in paragraph one and all directors mentioned in the preceding paragraph refer to counting of the incumbent.</u>  Independent directors' opinions shall be fully taken into consideration when the Procedures for Lending Funds to Other Parties is proposed for discussion during the Board of Directors meeting. <u>Any objections or qualified opinions expressed by independent directors shall be detailed in board meeting minutes.</u></p>	<p><del>Board of Directors' meeting.</del></p>	

## Stark Technology Inc.

<b>Document name</b>	<b>Rules of Procedure for Shareholders' Meeting</b>	<b>Document number</b>	<b>S057</b>	<b>Version</b>	<b>08</b>
<b>Establishment/ Revision Unit</b>	<b>Finance and Accounting Center</b>	<b>Release date</b>	<b>May 27, 2022</b>	<b>Total pages</b>	<b>7</b>

### Article 1 (Source of law)

To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders' Meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

### Article 2 (Laws and related regulations)

The rules of procedures for the Company's Shareholders' meetings, except as otherwise provided by laws, regulations, or the Articles of Incorporation, shall be as provided in these Rules.

### Article 3 (Convening of Shareholders' Meeting and meeting notice)

Unless otherwise provided by laws or regulations, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

Any changes to the method of convening of the Company's Shareholders' Meeting shall be resolved by The Board before the Shareholders' Meeting notice is sent out at the latest.

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 and Supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days of a regular shareholders' meeting or before 15 days of an extraordinary meeting. The meeting agenda and supplemental information of shareholdings' meetings must be prepared in the form of an electronic file and uploaded to the MOPS 21 days before a general meeting or 15 days before an extraordinary meeting. However, if the Company's paid-in capital reaches TWD 10 billion or more as of the end of the most recent fiscal year, or if the combined percentage of foreign capital and Chinese capital holdings as recorded in the shareholders' register at the time of the most recent annual shareholders' meeting reaches 30% or more, the Company must complete the aforementioned electronic files uploading 30 days prior to the annual shareholders' meeting. Physical copies of the shareholders' meeting conference manual and supplementary information shall be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents must also

be placed within the Company's premises and at the stock transfer agent.

The Company shall provide shareholders with the meeting agenda and supplemental information in the preceding paragraph for reference on the date of meeting and by the following means:

- I. Distributed at the venue of the meeting for a physical shareholders' meeting.
- II. Distributed at the venue of the meeting for a physical shareholders' meeting, and transmitted to the video conference platform in the form of an electronic file for a physical shareholders' meeting with the assistance of a video conference.
- III. Transmitted to the video conference platform in the form of an electronic file for video shareholders' 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.

Election or dismissal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by Directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all Directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

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 paragraph 4, Article 172-1 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 Company 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, the Company 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, the Company 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.

Article 4 (Attendance by proxy and authorization)

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 5 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 2 business days of the meeting at the latest. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Should the shareholder decide to attend a shareholders' meeting by video conference, a written notice must be sent to the Company no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, vote of the proxy attendant must prevail.

Article 5 (Principles in the location and time for the convening of shareholders' meeting)

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. If the meeting involves the independent directors, their opinions must be fully taken into consideration when choosing the meeting venue and time.

There are no restrictions on the meeting venue as prescribed in the preceding paragraph when the Company holds a video shareholders' meeting.

Article 6 (Preparation of a sign-in/attendance book and other documents)

The meeting advice must specify details such as meeting check-in time, venue, and important notes where relevant for the shareholders, proxy issuers, and proxy agents (hereinafter together referred to as the shareholders).

Admission of meeting participants must begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel. Check-in for the shareholders' meeting must be accepted at the shareholders' meeting video conference platform at least 30 minutes before the meeting starts.

Shareholders who have checked in are deemed to be present in person at the shareholders' meeting.

Shareholders may attend shareholders' meetings by presenting a valid conference pass, attendance card or other document of similar nature. The Company cannot request shareholders to present additional documentary proof unless specified in advance. Proxy form holders are required to bring identity proof for verification.

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

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, 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.

Shareholders who intend to attend a video shareholders' meeting must register with the Company 2 days prior to the date of meeting.

For a video shareholders' meeting, the Company must, at least 30 minutes before the start of the meeting, upload the meeting agenda, annual report, and other relevant information to the video conference platform and keep them posted until the end of the meeting.

Article 6-1 (Convening of a video shareholders' meeting, and items that must be stated in the meeting notice)

When convening a video shareholders' meeting, the Company must specify the following items in the notice of meeting.

- I. The ways for shareholders to participate in a video meeting and exercise their rights.
- II. Countermeasures for the event that the video conferencing platform or video participation is impeded due to natural disasters, events, or other force majeure circumstances, including at least the following:
  - (I) If the occurrence of the aforementioned circumstances continuously cannot be resolved, the time of the postponed or resumed meeting, and the date of the postponed or resumed meeting.

- (II) Shareholders who have not registered to participate in the affected shareholders meeting online cannot attend the postponed or resumed session.
  - (III) When convening a physical shareholders' meeting with the assistance of a video conference, if the video conference is not able to be resumed, and the total number of shares present, after deducting the number of shares present by means of video participation, still reaches the quorum for the shareholders' meeting, the shareholders' meeting must continue. The shares represented by shareholders attending the meeting through video conference must be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders are deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
  - (IV) When the result of all motions has been announced, and the interim motion has not yet been proceeded with, the way it is handled.
- III. When convening a video shareholders' meeting, the appropriate alternative measures for shareholders with difficulties in participating in shareholders' meetings by video must also be specified.

Article 7 (Chair of the shareholders' meeting and non-voting personnel)

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise his/her power and authority the Vice Chairman to act as a proxy thereof; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise his/her power and authority, the Chairman 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 Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one Director as a proxy thereof.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair. Shareholders' meetings that are convened by the Board of Directors should be chaired by the Chairman and more than half of the board, with at least one representative from each functional committee present at the meeting. Attendance of the above participants shall be recorded in detail in shareholders' meeting minutes.

For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two present.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Evidence of the audio or video recordings of the shareholders' meeting)

The Company shall record on audio or video tape the entire proceedings of a shareholders' meeting, and preserve the recordings for at least one year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

When convening a video shareholders' meeting, the Company must keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph must be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording must be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9 (Counting of the shares represented by shareholders present at the shareholders' meeting)

The attendance at a shareholders' meeting shall be calculated based the number of shares.

The number of shares represented by shareholders present at the meeting is calculated based on attendance log records or the attendance cards collected, and the shares checked in on the video conference platform, plus the number of shares that have voting rights exercised in writing or through electronic means.

The chairperson must call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting 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 must declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation must also declare the meeting adjourned at the virtual meeting platform.

If attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of the Company Act. This tentative resolution must then be communicated to every shareholder and another shareholders' meeting must be held within the next month. In the event of a virtual shareholders meeting, shareholders would have to re-register with the Company to attend the virtual meeting according to Article 6. 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.

Article 10 (Proposal discussion)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. All proposed motions must be voted on a case-by-case basis. 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.

In either of the two situations described above, the chairperson cannot dismiss the meeting while a motion (including special motion) is still in progress. If the chairperson violates the conference rules by adjourning the meeting when not allowed to do so, other members of the board must immediately assist the attending shareholders in electing another chairperson that has the support of more than half of voting rights represented on-site to continue the meeting. The chairperson must allow adequate time to explain and discuss various motions, amendments or special motions proposed during the meeting. The chairperson may announce to discontinue further discussions if the issue in question is considered to have been sufficiently discussed to proceed with voting and must allocate ample time to vote.

Article 11 (Speeches by shareholders)

Before the attending shareholder speaks, a 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.

Each shareholder must speak no more than two times, for 5 minutes each, on the same motion unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they violate any terms of the policy or speak outside the discussed topic. 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 violation.

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 chair may respond in person or direct relevant personnel to respond.

When convening a video shareholders' meeting, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question must contain no more than 200 words. The regulations in Paragraphs 1 to 5 do not apply.



As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12 (Counting of voting shares and a recusal policy)

Votes in a shareholders' meeting are vested based on the number of shares represented.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders cannot vote or appoint proxies to vote on any motions that present a conflict between their own interests and interests of the Company.

The number of shares held by shareholders who are not permitted to vote must be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share transfer agencies approved by the authority, a proxy may not represent more than 3% of the total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold must be excluded from the calculation.

Article 13 (Methods for voting, scrutineering, and vote counting)

Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of the Company Act.

The Company must give shareholders the option to exercise voting rights in writing or using an electronic method during shareholders' meetings. Instructions for exercising voting rights in writing or through electronic means must be stated clearly in writing on the meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders' meeting in person. However, they are considered to have waived their rights to participate in any special motion or any amendment to the original discussion that may arise during the shareholders' meeting. For this reason, the Company should avoid proposing special motions or amendments to the original motion where possible.

Instructions to exercise written and electronic votes must be delivered to the Company at least 2 days before the shareholders' meeting. In the event of duplicate submissions, the earliest submission must be taken into record. However, this excludes situations where a proper declaration is issued to withdraw the previous arrangement.

Shareholders who wish to attend the shareholders' meeting in person or through video conference after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than 2 days before the day of shareholders' meeting. The written/electronic vote must prevail if not withdrawn before the cutoff time. If a shareholder exercises their voting rights in writing or through electronic means and at the same time delegates a proxy to attend shareholders' meeting, the voting decision exercised by the proxy

must prevail.

Except as otherwise provided in the Company Act and the 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. When voting, the chairperson or a person designated by him/her must announce the total number of voting rights represented by attending shareholders for every motion discussed and have the shareholders to vote. Details including the number of votes in favor, against, and abstained for each discussion must be uploaded onto MOPS on the same day the shareholders' meeting ends.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

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

Motion and election votes are to be counted openly at the shareholders' meeting. Results of the vote, including the final tally, must be announced on-site and recorded in minutes.

When the Company convenes an online shareholders' meeting by video, after the chair declares the meeting open, shareholders attending the meeting through video conference must cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of an online shareholders meeting, votes must be counted at once after the chair announces the voting session has ended. The results of votes and elections must be announced immediately.

When the Company convenes a physical shareholders' meeting with the assistance of a video conference, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they must revoke their registration 2 days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting through video conference, except for extraordinary motions, they will not exercise their voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

#### Article 14 (Elections)

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 the numbers of votes with which they were elected, and the names of directors not elected

and number of votes they received.

All ballots used in the above elections must be sealed and signed by the ballot examiner and held in proper custody for at least 1 year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 15 (Meeting minutes and documents to be signed)

Shareholders' meeting resolutions must be compiled into detailed minutes, signed, or sealed by the chairperson and disseminated to all shareholders by no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form or by announcement.

The Company may disseminate meeting minutes by announcing details over 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.

Minutes must be retained for as long as the Company exists.

Where convening a video shareholders' meeting, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the video conference platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with must also be included in the minutes.

When convening a video shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company must specify in the meeting minutes alternative measures available to shareholders with difficulties in participating in shareholders' meetings by video.

Article 16 (Public announcement)

On the day of a shareholders' meeting, the Company must compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and must make an express disclosure of the same at the place of the shareholders meeting. In the event an online shareholders meeting, this Corporation must upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's online shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting must be disclosed on the virtual meeting platform. The same must apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

The Company must disclose on MOPS in a timely manner any shareholders' meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation.

Article 17 (Maintenance of the order of the venue)

The staff serving on the shareholders' meeting shall wear identity certificates or arm-bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. While maintaining order in the meeting, all security staff are required to wear arm badges that identify their role as "Security."

For venues that are equipped with broadcasting equipment, the chairman must halt any shareholder that make statements from equipment not allocated by the Company.

Shareholders in violation of the rules and disobeying correction by the chair to disrupt the meeting are asked to leave the venue and will be escorted out by the proctors or the security personnel.

Article 18 (Recess and resumption of a shareholders' meeting)

The chairperson may declare the meeting in recess at appropriate times. In the event of force majeure, the chairperson may suspend the meeting temporarily and resume at another time.

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.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of the Company Act.

Article 19 (Disclosure of information at video conferences)

In the event of a video shareholders' meeting, the Company must disclose the real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure must continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 (Location of the chair and minute taker for shareholders' meeting by video conference only)

When the Company convenes a virtual-only shareholders meeting, both the chair and secretary must be in the same location. The chair shall announce the address of the location when convening the meeting.

Article 21 (Response to disconnection)

In the event of a video shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a video shareholders' meeting, when declaring the meeting open, the chair must also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the video conference platform or participation via the platform is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting must be postponed to or resumed on another date within 5 days, in which case Article 182 of the Company Act cannot apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online cannot attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, must be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted, and the results or list of elected Directors have been announced.

When the Company convenes a physical shareholders' meeting with the assistance of a video conference, and the video conference cannot continue as described in the second paragraph, if the total number of shares represented by shareholders present at the meeting, after deducting the number of shares present by means of video participation, still reaches the quorum for the shareholders' meeting, then the shareholders' meeting must continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by the shareholders attending the meeting through video conference must be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders must be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company must handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the Regulations

Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company must handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22 (Handling of digital divide)

When convening an online shareholders' meeting, the Company must provide appropriate alternative measures available to shareholders with difficulties in participating in shareholders' meetings by video.

Article 23

For the matters not addressed in these Articles, they must be handled in accordance with the Company Act, the Company's Articles of Incorporation, and other relevant regulations.

Article 24 (Implementation)

These Rules take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto must be effected in the same manner.

### **Stark Technology Inc. Articles of Incorporation**

#### **Chapter 1 General Rules**

Article 1: The Company shall be incorporated under the Company Act, and its name shall be **Stark Technology Inc.**

The English name of the Company is **Stark Technology Inc..**

Article 2: The scope of business of the Company shall be as follows:

- I. E605010 Computer Equipment Installation.
- II. F113050 Wholesale of Computers and Clerical Machinery Equipment.
- III. F401010 International Trade.
- IV. I301010 Information Software Services.
- V. I301020 Data Processing Services .
- VI. CC01080 Electronics Components Manufacturing.
- VII. JA02990 Other Repair.
- VIII. JZ99050 Agency Services.
- IX. I301030 Electronic Information Supply Services.
- X. I401010 General Advertisement Service.
- XI. C701010 Printing.
- XII. C703010 Printed Matter Binding and Processing.
- XIII. CA02010 Manufacture of Metal Structure and Architectural Components.
- XIV. CB01010 Mechanical Equipment Manufacturing.
- XV. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- XVI. CC01060 Wired Communication Mechanical Equipment Manufacturing.
- XVII. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
- XVIII. CC01110 Computer and Peripheral Equipment Manufacturing.
- XIX. CC01120 Data Storage Media Manufacturing and Duplicating.
- XX. E601010 Electric Appliance Construction.
- XXI. E603050 Automatic Control Equipment Engineering.
- XXII. E604010 Machinery Installation.
- XXIII. E701010 Telecommunications Engineering.
- XXIV. E701020 Satellite Television KU Channels and Channel C Equipment

	Installation.
XXV.	E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.
XXVI.	E701040 Simple Telecommunications Equipment Installation.
XXVII.	EZ05010 Instrument and Meters Installation Engineering.
XXVIII.	EZ99990 Other Engineering.
XXIX.	F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
XXX.	F113010 Wholesale of Machinery.
XXXI.	F113020 Wholesale of Electrical Appliances.
XXXII.	F113030 Wholesale of Precision Instruments.
XXXIII.	F113070 Wholesale of Telecommunication Apparatus.
XXXIV.	F113110 Wholesale of Batteries.
XXXV.	F118010 Wholesale of Computer Software.
XXXVI.	F119010 Wholesale of Electronic Materials.
XXXVII.	F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
XXXVIII.	F213030 Retail Sale of Computers and Clerical Machinery Equipment.
XXXIX.	F213060 Retail Sale of Telecommunication Apparatus.
XXXX.	F218010 Retail Sale of Computer Software.
XXXXI.	F219010 Retail Sale of Electronic Materials.
XXXXII.	F399040 Retail Sale No Storefront.
XXXXIII.	F601010 Intellectual Property Rights.
XXXXIV.	I103060 Management Consulting.
XXXXV.	I199990 Other Consulting Service.
XXXXVI.	I501010 Product Designing.
XXXXVII.	I599990 Other Designing.
XXXXVIII.	IE01010 Telecommunications Service Number Agencies.
XXXXIX.	IG02010 Research and Development Service.
XXXXX.	IZ13010 Internet Certificates Service.
XXXXXI.	IZ99990 Other Industrial and Commercial Services.
XXXXXII.	J202010 Industry Innovation and Incubation Services.
XXXXXIII.	J304010 Book Publishing.
XXXXXIV.	J399010 Software Publishing.
XXXXXV.	JA02010 Electric Appliance and Electronic Products Repair.
XXXXXVI.	JE01010 Rental and Leasing.
XXXXXVII.	F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
XXXXXVIII.	ZZ99999 All business items that are not prohibited or restricted by law,



except those that are subject to special approval.

- Article 3: The Company may provide guarantees to external entities based on business needs.
- Article 4: The Company is headquartered in Hsinchu City. It may establish branches at home and abroad at the approval of The Board where necessary. The Company may engage in reinvestment at the approval of The Board. The total amount of the investment shall not be subjected to the limit at within 40% of the Company's paid-in capital, unless otherwise specified by laws or regulations.
- Article 5: The public announcement method of the Company shall be handled according to Article 28 of the Company Act.

## **Chapter 2 Share**

- Article 6: The total capital is NT\$3.4 billion, which is divided into 340 million shares with a par value of NT\$10 per share, and the Board of Directors is authorized to issue unissued shares in tranches. Out of the total capital mentioned in the preceding paragraph, 20 million shares are the number of company employee stock warrants that are for subscription. The Board is fully authorized for its handling in accordance with the Company Act and related laws and regulations.
- Treasury shares bought back by the Company according to the Company Act shall be transferred to employees of the Parent or subsidiaries of the Company who meet certain criteria.
- The employee stock warrants are issued to employees of the Parent or subsidiaries of the Company who meet certain criteria.
- The employee stock warrants are issued to employees of the Parent or subsidiaries of the Company who meet certain criteria.
- The Company's restrict stock awards are issued to employees of the Company's Parent or subsidiaries who meet certain criteria.
- The Board is authorized to formulate the preceding certain criteria.
- Article 7: The Company's shares are name-bearing, affixed with the seal or signature of at least 3 directors, and issued by the competent authority or the approval registration authority. When the Company issues new shares, it may combine the total number of issued shares for that time with the printed shares and to be kept by a centralized securities depository enterprises.
- The Company issuing corporate bonds may be exempted from printing the certificate(s) and shall register the issued bonds with a centralized securities depository enterprise.
- The Company's stock affairs are proceeded with based on the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 8: Delete.
- Article 9: Delete.
- Article 10: Any change and transfer registration of shares shall be prohibited within 60 days prior to

the ordinary shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the record date for the distribution of dividends and bonuses or other benefits by the Company.

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

Article 11: The shareholder meetings are classified into two types: the ordinary shareholders' meeting and the extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened by the Board of Directors according to the laws within six months after the close of each fiscal year. The extraordinary shareholders' meeting shall be convened whenever necessary according to laws.

For a regular shareholders' meeting, the notice of meeting that includes the date and location of the meeting and cause for convening the meeting, shall be served to each shareholder and announced at least 30 days prior to the meeting, and 15 days prior to the extraordinary shareholders' meeting.

The production and the distribution of the meeting notification can be made electronically if agreed upon by the counterparty. For shareholders with less than 1000 registered shares, the abovementioned notification is posted in the Market Observation Post System.

Article 11-1: The Company's shareholders' meeting may be held in the form of a virtual meeting or other methods announced by the Ministry of Economic Affairs.

Article 12: Where a shareholder for any reasons cannot attend a shareholders' meeting in person, the shareholder may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney affixed with the company's seal, stating therein the scope of power authorized to the proxy. Shareholders who commission their proxy to attend meetings shall comply with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the securities authority, unless otherwise specified by the Company Act.

Article 13: The Company's shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 3, Article 157 and Paragraph 2, Article 179 of the Company Act.

Article 14: Except if regulated otherwise by the related laws and regulations, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting by the shareholders in person or by proxy, and that the motion is voted in favor by more than 50% of all voting rights represented at the meeting.

The Chairman is to convene and chair the shareholders meeting. When the Chairman is on leave, the Chairman shall appoint one of the directors to chair the shareholders meeting.

Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairman. 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 chairman from among themselves.

Article 15: Shareholders' meeting resolutions must be compiled into detailed minutes stating the time, date, venue and resolution matters, signed, or sealed by the chairperson and disseminated to all shareholders by no later than 20 days after the meeting. They are to be kept together with the shareholders attendance book and the power of attorney for the proxy for the company's future reference. The distribution of the meeting minutes may be effected by means of a public notice.

#### **Chapter 4 Director**

Article 16: The Company shall have seven to eleven directors to be elected at the shareholders meeting adopting the candidate nomination system, with a term of three years. Directors are elected by the shareholders' meeting from among persons with legal capacity. However, the total number of registered shares held by all directors shall not be less than a certain percentage of the total issued shares of the company. The number of equity and audit implementation rules in the preceding paragraph shall be enacted in accordance with the order of the securities competent authority.

When the number of vacancies in the Board of Directors equals one-third of the total number of directors, the Board of Directors shall call, within 60 days, a special shareholders meeting to elect succeeding directors to fill the vacancies for the remaining service time of the dismissed directors.

The Company may purchase liability insurance for the directors and managerial officers based on the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The Board is authorized to decide on the scope of the insurance.

On the preceding number of director seats, the number of seats for independent directors shall be at least three seats, adopting the candidate nomination system. The independent directors are to be elected by the Shareholders' Meeting selecting from the candidate list. The professional qualifications, restrictions on shareholding and concurrent positions held, nomination methods, and other matters that must be adhered to regarding the candidacy of independent directors shall be handled in accordance with the relevant regulations of the competent authority.

The entire Audit Committee shall compose of only the independent directors, appointed according to the Securities and Exchange Act. One of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

Article 17: With the attendance of more than two thirds of the Directors and the consents of a majority of the attending Directors at the Board meeting, a Chairman shall be elected among the Directors. The Chairman shall represent the Company externally.

Article 18: In case the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled in accordance with the provision of

Article 208 of the Company Act.

Article 19: Unless otherwise provided by the Company Act, resolutions of a Directors' meeting shall be adopted by a majority vote of the Directors present at a meeting attended by the majority of all directors.

The directors shall attend the Board of Directors meeting in person. Directors who cannot attend the meeting can appoint other director to represent on his/her behalf as proxy. The power of attorney shall be provided each time, list out the reasons for not attending the meeting and the scope of power vested to the proxy. A director's proxy may act as a proxy for only one other Director.

The Board should meet at least once every quarter. The meeting notice which specifies the purposes of the meeting should be sent to each committee member no later than 7 days before the date scheduled. In the event of emergency events, the meeting may be convened at any time. The meeting notice may be sent via facsimile, email, or other methods replacing written notice.

Article 20: Delete.

### **Chapter 5 Managerial Officers**

Article 21: The Company may have managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be handled according to Article 29 of the Company Act.

### **Chapter 6 Accounting**

Article 22: The fiscal year of the Company is between January 1 to December 31. Settlements shall be prepared at the end of each fiscal year, after which The Board shall prepare the various statements and submit them to the shareholders' meeting for ratification according to the laws.

Article 23: The Company's profits concluded from a financial year are subject to employee remuneration of no less than 3% and director remuneration of no more than 5%. The recipients of the employee remuneration distribution must include the employees of subsidiaries who meet certain criteria. The Board is authorized to formulate the certain criteria. Director remuneration is to be distributed in the form of cash. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.

Article 23-1: The annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve (unless legal reserves have accumulated to an amount equal to share capital). Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws may require. The residual balance can then be added to unappropriated earnings carried from previous years and retained or distributed to shareholders as a form of profit sharing, subject to resolution in a shareholder meeting.

Shareholders' profit sharing can be paid in cash or shares; however, the cash portion shall

be no less than 10% of total dividends.

The Group operates in the high-tech industry and is susceptible to the industry's enterprise life cycle. Dividends shall be allocated after taking into consideration several factors including: current and future investment environment, capital requirement, domestic/foreign competition, capital budget, shareholders' expectations, balanced dividends, and the Group's long-term financial plan. Dividend distribution plans are to be proposed by the Board of Directors and presented for final resolution in shareholder meeting on a yearly basis.

The Company authorizes the Board of Directors to resolve the distribution of cash dividends in whole or in part by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting. The Company authorizes the Board of Directors to resolve the distribution of legal reserve or capital surplus in whole or in part by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

Article 24: The remuneration of the chairman and the directors is authorized at board meetings based on their level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers.

Article 25: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and other relevant regulations.

Article 26: These Articles of Incorporation were enacted on March 17, 1993.

The first amendment was made on March 22, 1993.

The second amendment was made on January 21, 1994.

The third amendment was made on May 2, 1994.

The fourth amendment was made on June 3, 1996.

The fifth amendment was made on February 26, 1997.

The sixth amendment was made on July 1, 1997.

The seventh amendment was made on February 27, 1998.

The eighth amendment was made on May 29, 1998.

The ninth amendment was made on June 25, 1999.

The tenth amendment was made on May 2, 2000.

The eleventh amendment was made on May 10, 2001.

The twelfth amendment was made on May 13, 2002.

The thirteenth amendment was made on May 27, 2003.

The fourteenth amendment was made on May 18, 2004.

The fifteenth amendment was made on May 24, 2005.

The sixteenth amendment was made on June 9, 2006.

The seventeenth amendment was made on June 13, 2007.

The eighteenth amendment was made on June 13, 2008.  
The nineteenth amendment was made on June 14, 2010.  
The twentieth amendment was made on June 10, 2011.  
The twenty first amendment was made on June 12, 2012.  
The twenty second amendment was made on June 11, 2014.  
The twenty third amendment was made on June 22, 2015.  
The twenty fourth amendment was made on May 31, 2016.  
The twenty fifth amendment was made on May 28, 2018.  
The twenty sixth amendment was made on May 29, 2019.  
The twenty seventh amendment was made on May 28, 2020.  
The twenty eighth amendment was made on May 27, 2022.

## Stark Technology Inc.

<b>Document name</b>	<b>Procedures for Endorsements and Guarantees</b>	<b>Document number</b>	<b>S027</b>	<b>Version</b>	<b>08</b>
<b>Establishment/Revision Unit</b>	<b>Finance and Accounting Center</b>	<b>Release date</b>	<b>May 29, 2019</b>	<b>Total pages</b>	<b>4</b>

Article 1 Matters relating to the Company providing endorsements and guarantees shall be implemented in accordance with this Procedures.

Article 2 Scope of application of this Procedures

I. Financing endorsements and guarantees:

(I) Bill discount financing.

(II) Endorsement or guarantee made to meet the financing needs of another company.

(III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.

II. Customs duty endorsement/guarantee: It means an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.

III. Other endorsements/guarantees: It means endorsements or guarantees beyond the scope of the above two subparagraphs.

IV. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company.

Article 3 The endorsed/guaranteed

The Company may make endorsements and guarantees for the following companies:

I. Business that the Company has business dealing with.

II. Business in which the Company holds more than 50% direct or indirect voting interest.

III. Business that holds more than 50% direct or indirect voting interest in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their

shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

"Subsidiary" and "parent company" shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The applications by other companies for the endorsements and guarantees by the Company will not be accepted under any of the following circumstances:

- (I) The signed endorsements/guarantees amount exceeds the limit set by the regulations.
- (II) Poor credit records with non-performing loans or debt disputes.
- (III) Beyond the scope of guaranteeing approved by The Board.

Article 4 The endorsements/guarantees amount limits

- I. The total amount for the endorsements and guarantees provided by the Company to external parties shall not exceed 50% of the current net worth. Among which, the endorsements and guarantees limit to a single entity shall not exceed 10% of the current net worth, with exceptions to subsidiary with more than 90% of its ordinary equity directly or indirectly held by the Company. Their endorsements and guarantees limit shall not exceed 50% of the current net worth. The net worth is based on the latest financial statements audited or reviewed by the CPAs.
- II. The total amount for the entire endorsements and guarantees provided by the Company and subsidiaries to external parties shall not exceed 50% of the current net worth. Among which, the endorsements and guarantees limit to a single entity shall not exceed 10% of the current net worth, with exceptions to subsidiary with more than 90% of its ordinary equity directly or indirectly held by the Company. Their endorsements and guarantees limit shall not exceed 50% of the current net worth. The net worth is based on the latest financial statements audited or reviewed by the CPAs.
- III. The individual endorsements and guarantees amount for those whom the Company has business dealings with shall not exceed the business transaction amounts between both parties in addition to the above-mentioned amount limit. The business transaction amounts refer to the purchase or sales amount between both parties,



whichever is higher.

Article 5 Decision-making and level of authorization

- I. Any endorsements and guarantees matters of the Company shall be submitted to the Board for resolution and approval. When the independent directors have been appointed, the opinions of each independent director shall be taken into full consideration and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting. The Company's board may delegate the Board Chairperson to decide such matters when transaction is within 15% of the current net worth according to the these Procedures and have the decision subsequently submitted to and ratified by the next Board Meeting.
- II. When the Company with more than 90% of its voting shares is directly or indirectly held by its subsidiary according to Article 3, Paragraph 2, it shall submit the proposal to the Company's Board for approval by resolution before beginning the process for endorsements and guarantees. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- III. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall submit to the Board of Directors for approval. Half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements and Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Article 6 Procedures for Endorsements and Guarantees

- I. Regarding the Company's processing of endorsements and guarantees, the endorsee and/or guarantee company shall submit written application to the Finance Department of the Company. The Finance Department will conduct credit investigation on the applicant, evaluation of its risks and prepare the evaluation record, which will be submitted to the president and chairman for approval after review. Collaterals shall be obtained when necessary.
- II. The Finance Department conducts credit investigation on the endorsee and/or guarantee company and its risk evaluation. The risk items to be included are:
  - (I) The necessity and reasonableness of the endorsements and/or guarantees.
  - (II) Measuring the necessity of the endorsements and/or guarantees and the amount based on their financial position.
  - (III) Whether the accumulated endorsements and/or guarantees amount remains within

- the limits.
- (IV) For endorsements and/or guarantees due to business dealings, the endorsements and/or guarantees amounts and the business transaction amounts shall be assessed to check whether they are within the limits.
  - (V) Effects to the Company's operation risks, financial position and shareholders' equity.
  - (VI) Whether to obtain the collaterals and their evaluation value.
  - (VII) Attaching the endorsements and/or guarantees credit check and risk assessment record.
- III. The Finance Department shall establish a log book to record the details on the endorsed/guaranteed, amount, date of approval by The Board or Chairman, date of endorsements/guarantees, and the prudent evaluation of the items in accordance with the preceding regulations for future reference.
  - IV. The Finance Department shall evaluate or list the endorsements/guarantees or any losses and make appropriate disclosure of the endorsements/guarantees information, and provide related information to the CPAs to adopt the necessary audit procedures.
  - V. When the Company undergoes changing circumstances that result in the endorsed/guaranteed subsequently having a status change to become not meeting the requirements of the Procedures, or when there is a basic change to the limit calculation of the endorsements/guarantees amount which results in exceeding the established limit, the endorsements/guarantees amount for the particular party or the excess amount shall be cancelled when the contract expires or within a certain period of time from the establishment of the improvement plan. Improvements shall be completed within the time schedule of the plan.
  - VI. When the Company or subsidiary makes endorsements/guarantees for a subsidiary whose net worth is lower than half of its paid-in capital, in addition to complying with Article 6 of this Procedures, the Finance Unit shall regularly evaluates the financial structure of the endorsee and/or guarantee subsidiary. In the event of major changes, the Unit shall inform the Chairman immediately and make request to the responsible unit for immediate handling.
  - VII. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 6 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 7 Cancellation of endorsements and guarantees

- I. On the related documents or negotiable instrument for the endorsements and guarantees, in the event that the endorsement/guarantee has to be cancelled due to debt settlement or renewal, the endorsee and/or guarantee company shall prepare formal letter to the Company's Finance Department and the "cancellation" seal shall be affixed to the original endorsements/guarantees related documents which would be returned to the endorsee and/or guarantee company. The application letter will be kept on file by the Finance Department.
- II. The Finance Department shall enter the cancellation of the endorsements/guarantees into the log book to reflect the reduced endorsements/guarantees amount.

Article 8 Internal Control

- I. The Company's internal auditors shall audit the Procedures for Endorsements and Guarantees and the implementation thereof at least on a quarterly basis with a written record documented and inform the Audit Committee in writing for any major violation identified.
- II. The Company shall follow the Procedures when engaging in endorsements/guarantees. In the event of major violations, disciplinary actions shall be taken against the related managerial officers and supervisors based on the violation situation.

Article 9 Procedures for custody of corporate seals

- I. The Company has submitted application to the Ministry of Economic Affairs for the dedicated seal for the endorsements and guarantees. The seal and the guarantee negotiable instrument shall be kept under custody by dedicated personnel. The regulatory procedures for using the seal and the signing of the negotiable instrument shall be followed. In the event where there is an appointment or dismissal or change to the seal custodian, the matter shall be reported to The Board for approval.
- II. When the Company provides guarantee for overseas company, the guaranteed company shall provide the guarantee letter which is to be signed by the authorized person by The Board.

Article 10 Public disclosure and filing procedures

Public disclosure and filing for the Company and subsidiaries shall be made before the tenth day of the month by the Company on the balance endorsements and guarantees for the previous month. For endorsements and guarantees that reaches any one of the standards below, their public disclosure and filing shall be made within 2 days starting from the fact occurrence date. Fact occurrence date refers to the transaction contract signing date, payment date, board resolution date or other dates on which the endorsement and guarantee transaction party and transaction amount have been confirmed with sufficient funds, whichever date is earlier:

- I. The balances of the endorsements/guarantees of the Company and subsidiaries

- amounted to over 50% of the Company's net worth in the latest financial statements.
- II. The balances of the endorsements/guarantees of the Company and subsidiaries to a single entity amounted to over 20% of the Company's net worth in the latest financial statements.
  - III. The balances of the endorsements/guarantees of the Company and subsidiaries to a single entity amounted to over NT\$ 10 million, and the long-term investments applied to the endorsements/guarantees and balances of the lending funds, their total amount exceeds over 30% of the Company's net worth in the latest financial statements.
  - IV. The balances of the new endorsements/guarantees of the Company or subsidiaries amounted to over NT\$ 30 million and exceed over 5% of the Company's net worth in the latest financial statements.

Where subsidiaries of the Company do not fall under the category of domestic public companies and any matters of the subsidiaries under Point Four in the preceding paragraph, the public disclosure and filing shall be made by the Company.

Article 11 When the Company's subsidiary provides endorsements and/or guarantees for other party, the Company shall instruct the subsidiary to formulate the Procedures for Endorsements and Guarantees according to the regulations which shall be adhere to.

Article 12 Any outstanding issues not specified in the implementing procedures are to be handled in accordance with relevant regulations and the Company's related charters.

Article 13 The Procedures must be approved by a majority of all members of the Audit Committee and submitted to the Board of Directors for approval, followed by submitting to shareholders' meeting for approval before implementation. Subsequent amendments thereto must be effected in the same manner.

When the Company submitted the Procedures to The Board for discussions in accordance with the preceding regulations, the opinions of each independent director shall be taken into full consideration and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

## Stark Technology Inc.

<b>Document name</b>	<b>Procedures for Lending Funds to Other Parties</b>	<b>Document number</b>	<b>S028</b>	<b>Version</b>	<b>09</b>
<b>Establishment/Revision Unit</b>	<b>Finance and Accounting Center</b>	<b>Release date</b>	<b>May 29, 2019</b>	<b>Total pages</b>	<b>3</b>

### Article 1 Purpose

To ensure the Company's loans to others are handled in compliance with the laws, this Procedures is specially established.

### Article 2 Borrower

- (I) The companies or firms that have business dealings with the Company.
- (II) Companies or firms with the necessary short-term financing facility. Short-term refers to one year or one business cycle (whichever is longer) period.

### Article 3 The reasons and necessity for loaning to other parties.

For other companies or firms which the Company lends the funds to due to business dealings, the case shall be proceeded with according to Article 4, Paragraph 2. For the lending of funds where the short-term financing facility is necessary, it is limited to the below situations:

- (I) Where short-term financing facility is necessary for a company, that the Company holds more than 50% of its shares, due to business needs.
- (II) Where short-term financing facility is necessary for other companies or firms due to the needs for material purchase or working capital turnover.

### Article 4 Total sum of the lending funds and the limits for each party

The total sum of the lending funds by the Company is limited to within 40% of the Company's net worth. The accumulated amount for the lending funds due to the business dealings shall not exceed 25% of the aforementioned lending funds. The accumulated amount for the short-term financing facility loan shall not exceed 75% of the total sum of the aforementioned lending funds.

For companies or firms that have business transactions with the Company, the individual loan amount is limited to within the amount of the business transactions between both parties. The business transaction amounts refer to the purchase or sales amount between both parties, whichever is higher.

For companies or firms with the need for short-term financing facility, the individual loan amount for the subsidiaries which the Company held more than 50% of their common stock shall not exceed more than 30% of the current net worth, and the remainder shall not exceed 10% of the current net worth.

Loaning of funds made between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares is regulated by the preceding three paragraphs and Article

#### Article 5 Loan period

- (I) Those with business dealings with the Company, not longer than half a year in principle;
- (II) For those with short-term financing facility needs with the Company, not longer than one year or one business cycle (whichever is longer) in principle.

#### Article 6 The payment for interests

The calculation of the interests for the Company's funds to be released shall be based on the short-term loan interest announced by the bank on the day. It should be calculated once every month.

- (I) Interests calculated on a daily basis: The sum of the loan balance each day is multiplied by its interests, then divided by 365 to obtain the interests amount.
- (II) Interests payment: Except otherwise specified, the calculation for the collection of the loan interests is based on interests payment once a month in principle. The borrower shall be informed to pay the interests within one week starting from the agreed interests payment date. In the event of overdue, the interests is calculated based on the number of days overdue and penalty fee is to be charged.
- (III) Penalty fee: When the borrower delays the payment for the principal or interests, for overdue within six months time, the penalty fee is calculated by adding 10% of the original loan interests of the overdue amount. For overdue surpassing six months, 20% is added.

#### Article 7 Procedures for Lending Funds

##### (I) Credit Checking

For matters regarding processing of loans by the Company, the borrower shall attach the necessary company and financial information in written form in the credit limit application to the Company.

After the Company has accepted the application, the Finance Department shall carry out the investigation and evaluation on the business, financial position, liquidity analysis and credit, profitability and loan purpose of the loan party and formulate a report on the outcomes.

The evaluation items for a detailed investigation and evaluation review on the loan borrowing party by the Finance department shall include the following:

- (1) Necessity and reasonableness for loaning to other parties.
- (2) Measuring the necessity of loaning to other parties and the amount based on their financial position.
- (3) Whether the accumulated loan amount remains within the limits.
- (4) Effects to the Company's operation risks, financial position and shareholders' equity.
- (5) Whether to obtain the collaterals and their evaluation value.
- (6) Attached the credit check and risk evaluation records of the other parties receiving the loans.

(II) Scope of authorization

For matters regarding processing of loans by the Company, the Company's Financial Department carries out the credit check and submits the case to the President for approval. Subsequently, the case is submitted to The Board for approval by resolution before the loan process begins and no other persons can be authorized to make the decision. The opinions of each independent director shall be taken into full consideration and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Loans between the Company and subsidiaries or loans between subsidiaries, the loan proposal shall be submitted to The Board for approval by resolution and for authorization to the Chairman to handle the matter of fund lending to the same party for the amount within a certain amount determined by The Board resolution and the lending is authorized in installment or revolver within one year.

The certain amount mentioned in the preceding paragraph needs to comply with Article 4, Paragraph 4, and the authorized limit of the lending funds by the Company and subsidiaries to a single entity shall not amount to over 10% of the Company's net worth in the latest financial statements.

Article 8 Security

When the Company processes lending funds matters, it shall obtain collateral note of the same type. Where necessary, the mortgage setting for property and non-property shall be proceeded with. The preceding security for the claim, if the debtor provides considerable resources and credit of individual or company as guarantee in replacement of providing a collateral, The Board may refer to the credit report of the Credit Management Unit for processing. For those guaranteeing by company, it shall be noted whether its Articles of Incorporation consists of the guarantee clause.

Article 9 Insurance

- (I) Except for lands and securities among the collaterals, fire insurance shall be purchased and comprehensive coverage shall be made for vehicles. The insured amount shall be more than the collateral's mortgage in principle. It should be indicated on the insurance policy that the Company is the beneficiary.
- (II) Within the period of loan borrowing, insurance shall be purchased for the collaterals provided by the borrower. The handling personnel shall take not to inform the borrower to renew the insurance before the expiry date of the insurance.

Article 10 Enter

When the payment for every lending/borrowing handling fee for the loan case is completed, the Finance Unit shall make entries into the "Statements of the collateral for lending/borrowing" for the collateral provided by each borrower or the credit guarantee category, and submit the information to the accounting unit for entries into the appropriate account books.

- Article 11      Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.
- (I)      After the release of the loan, the finance, business and credit situation of the borrower and guarantor shall be kept on a close watch. For those who provide collateral, close attention shall be paid to any changes to its collateral value. In the event of significant changes, the matter shall be reported to the President immediately, and appropriately handled according to the instructions given. One month before the loan matures, notice shall be sent to the borrower to clear the payment for the principal and interests or to apply for extension.
  - (II)      When the borrower makes payment for the loan upon maturity or before, the interests to be paid shall be calculated first. After clearing the interests payment with the principal, the promissory note, certificate of indebtedness, and so on certificate of the obligatory claim can be cancelled and returned to the borrower.
- Article 12      Lien cancellations
- When the borrower applies for lien cancellation, the balance of the loan relating to the application must first be checked before a decision can be made for the lien cancellation.
- Article 13      Internal Control
- (I)      On the Company's handling of lending funds matters, it shall establish a log book to record the details on the party receiving the lending funds, amount, date of approval by The Board, date of lending/borrowing, and the prudent evaluation of the items in accordance with the regulations for future reference.
  - (II)      The Company's internal auditors shall audit the Procedures for Lending Funds to Other Parties and the implementation thereof at least on a quarterly basis with a written record documented and inform the Audit Committee members in writing for any major violation identified. In the event of major violations, disciplinary actions shall be taken against the managerial officers and supervisors based on the violation situation.
  - (III)      When the Company undergoes changing circumstances that result in the party receiving the lending funds subsequently having a status change to become not meeting the requirements of the Procedures or that the limit has been exceeded, the fund-receiving party shall formulate an improvement plan. Related improvement plan is to be sent to each of the Audit Committee member. Improvements shall be completed within the time schedule of the plan to strengthen the company's internal control.



Article 14      Public disclosure and filing

- (I)      Public disclosure and filing for the Company and subsidiaries shall be made before the tenth day of the month by the Company on the balance of the lending funds for the previous month.
- (II)     For the Company's lending funds that reaches any one of the standards below, their public disclosure and filing shall be made within 2 days starting from the fact occurrence date. Fact occurrence date refers to the transaction contract signing date, payment date, board resolution date or other dates on which the endorsement and guarantee transaction party and transaction amount have been confirmed with sufficient funds, whichever date is earlier:
  - (1)    The balances of the loans to other parties provided by the Company and subsidiaries amounted to over 20% of the Company's net worth in the latest financial statements.
  - (2)    The balances of the loans provided by the Company and subsidiaries to a single entity amounted to over 10% of the Company's net worth in the latest financial statements.
  - (3)    The amount of the new loans provided by the Company or subsidiaries amounted to over NT\$ 10 million and exceeds over 2% of the Company's net worth in the latest financial statements.

Where subsidiaries of the Company do not fall under the category of domestic public companies and any matters of the subsidiaries under Point Three in the preceding paragraph, the public disclosure and filing shall be made by the Company.

Article 15 Other matters

"Subsidiary" and "parent company" shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (I) When the Company's subsidiary lends funds to the other party, the Company shall instruct the subsidiary to formulate the Procedures for Lending Funds to Other Parties according to the regulations which shall be adhere to.
- (II) The Company shall evaluate the lending funds situation and take stock the amounts uncollectible as settlement and make appropriate disclosure of related information in the financial statements. The related information is to be provided to the CPAs to conduct the necessary audit procedures.
- (III) Any outstanding issues not specified in the Procedures are to be handled in accordance with relevant regulations and the Company's related charters.

Article 16 Coming into effect and revisions

The Procedures for Lending Funds to Other Parties established by the Company must be approved by the Audit Committee and submitted to the Board of Directors for approval, followed by submitting to shareholders' meeting for approval before implementation. Subsequent amendments thereto must be effected in the same manner.

When the Company submitted the Procedures for Lending Funds to Other Parties to The Board for discussions in accordance with the preceding regulations, the opinions of each independent director shall be taken into full consideration and their opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

## Stark Technology Inc.

### Directors' Shareholding

- I. Number of ordinary shares issued by the Company: 106,360,291 shares
- II. The legal number of shares to be held by all of the Company's directors based on the regulation, Company's Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: 8,000,000 shares
- III. The number of shares held by individual and all directors as recorded in the shareholder register as of the book closure date (March 31, 2023) of this shareholders' meeting has meet the standard in Article 26 of the Securities and Exchange Act.

Book closure date: March 31, 2023

Title	Name	The number of shares held as recorded in the shareholder register as of the book closure date
Chairman	Liang, Hsiu-Chung	3,811,358
Director	Chen, Kuo-Hung	604,129
Director	Tseng, YI-Shun	1,031,633
Director	Chen, Hsing-Chou	1,121,247
Director	Liu, Hsien-Min	458,800
Director	Yu, Ming-Chang	1,222,974
Director	Representative of Chengfa Investment Co., Ltd.: Tsai, Hua-Cheng, Director	1,230,000
Independent Director	Tsai, Quen-Liang	649
Independent Director	Lu, Jui-Wen	0
Independent Director	Yu, Yung-Hong	0
Independent Director	Tang, Ying-Hwa	0
Total for the directors		9,480,790