

CHENG MEI MATERIALS TECHNOLOGY CORPORATION

2022 Annual report

This Annual report is available at :

<https://mops.twse.com.tw>

The company's website: <http://www.cmmt.com.tw>

Publication date: May 10, 2023

- I. Name of the Company's spokesperson and acting spokesperson:
The Company's spokesperson:
Name: Huang Pei-Ming
Title: Director of Finance and Accounting Department
Tel: (06)5889988
Email: cmmt_ir@cmmt.com.tw
The Company's acting spokesperson:
Name: Ma Shao-Heng
Title: Manager of Legal Compliance and Legal Department
Tel: (06)5889988
Email: cmmt_ir@cmmt.com.tw
- II. Address and contact number of the head office, plants, and branches:
Head office and plant: No. 13, Muzhagang West Road, Shanhua District, Tainan City, 741
Tel: (06)5889988
- III. Stock transfer agent:
Name: Capital Securities Corp., Stock Transfer Dept.
Address: B2, No. 97, Section 2, Dunhua South Road, Taipei 10601, Taiwan (R.O.C.)
Tel: (02) 2702-3999
Website: <https://www.capital.com.tw/agency>
- IV. Names of the CPAs, name, address, website and contact number of the account firm:
Name of the accounting firm: PricewaterhouseCoopers Taiwan (PwC)
Names of CPAs: Wu Chien-Chih, Liu Tzu-Meng
Address: 12F, No. 395, Sec. 1, Linsen Road, East District, Tainan City
Tel: (06)234-3111
Website: <http://www.pwc.com>
- V. Name of overseas exchanges where securities are listed, and method of inquiry: (Delisted from the Singapore Exchange Limited on 15 December 2022)
Name of marketable securities: Global Depositary Receipts (CHENG MEI MATERIALS TECH GDR)
Singapore Stock Exchange: <http://www.sgx.com>
- VI. Company website:
<http://www.cmmt.com.tw>

Annual Report Table of Contents

One. 2022 Letter to Shareholders	1
Two. Company Profile.....	4
I. Date of incorporation: May 17, 2005.....	4
II. Company history:	4
Three. Corporate Governance Report.....	7
I. Organization:	7
(I) Organizational structure:	7
(II) Operations of each major division:.....	7
II. Directors (including independent directors), presidents, vice presidents, assistant managers, supervisors of all departments and branches:.....	7
(I) Information on the professionalism and independence of the directors (including independent directors)..	7
(II) Information on presidents, vice presidents, assistant managers, supervisors of all departments and branches:.....	17
(III) If the chairperson of the board of directors is the same person as the president or the equivalent position, or if they are spouses or relatives of one another, they shall state the reasons, rationality, necessity, and measures to address the situation:	17
III. Remuneration paid to directors (including independent directors), presidents and vice presidents during the most recent fiscal year:	18
(I) Remuneration paid to directors (including independent directors), presidents and vice presidents....	18
(II) Analysis of amount of remuneration paid in the most recent 2 fiscal years by the Company and all companies included in the consolidated financial statements to the Company’s directors (including independent directors), presidents, and vice presidents, and their respective proportions to net income after tax, description of remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:	22
IV. The state of corporate governance:.....	23
(I) The state of operations of the board of directors and shareholders’ meeting:	23
(II) The state of the audit committee:	26
(III) The state of the Company’s implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:	29
(IV) The state of the composition, duties and the state of the remuneration committee:.....	39
(V) The state of the Company’s performance of social responsibilities:	43
(VI) The state of the Company’s performance in the area of ethical corporate management and measures adopted:	49
(VII) The Corporate Governance Code and related regulations and how to access them: Rules and regulations related to corporate governance including “Corporate Governance Best Practice Principles”, “Corporate Social Responsibility Best Practice Principles”, “Procedure for Transactions between Enterprise Groups, Specified Companies and Related Parties”, “Rules of Procedure for Shareholders Meetings”, “Codes of Ethical Conduct for Directors (Including Independent Directors) and Managerial Officers”, “Rules Governing the Scope of Powers of Independent Directors”. “Rules of Procedure for the Board of Directors”, “Audit Committee Charter”, “Code of Ethical Conduct for Employees”, “Procedures for Handling Material Inside Information”, “Ethical Corporate Management Best Practice Principles”, “Employee Integrity Commitment”, “Declaration of Integrity’ for Suppliers”, “Supplier Social Responsibility and Integrity Commitment”, and “Procedures for Ethical Management and Guidelines for Conduct” formulated by the Company are disclosed on the Company’s website in the “Corporate Social Responsibility” section.	52
(VIII) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance: None.	52
(IX) Internal Control System and Its Implementation:.....	52
(X) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of	

	improvement: None.....	54
(XI)	Major resolutions and their implementation of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:.....	54
(XII)	A director or independent director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Yes, please refer to (XI).....	58
(XIII)	A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer, as the following table:	58
V.	Information on CPAs:	59
(I)	Information on CPA professional fees:.....	59
(II)	When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any associate of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:.....	59
(III)	When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons: Not applicable.	59
(IV)	When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more:	59
(V)	Evaluation of CPAs' independence: The Audit Committee of the Company evaluates the professionalism and independence of the CPAs once a year and then submits the evaluation results to the Board of Directors. The latest evaluation was approved by the Board of Directors on February 17, 2022.....	59
VI	Information on change in CPA:	59
VII	Where the Company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.....	60
VIII	Any transfer of equity interests and/or pledge of or change in equity interests by a director (including independent directors), supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:.....	60
(I)	Changes in the shareholdings of directors (including independent directors), managerial officers and major shareholders:	60
(II)	Information on transfer of equity interests to related parties:None.....	61
(III)	Information on equity interests of pledge to related parties: None.	61
IX	Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:	62
X	The total number of shares and calculated consolidated shareholding percentage held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:	63
Four.	Information on Capital Raising Activities.....	65
I.	Capital and issuance of shares:	65
(I)	Source of capital stock:	65
(II)	Shareholder structure:.....	66
(III)	Diffusion of ownership:.....	66
(IV)	List of major shareholders: Including shareholders holding 5% or more of the shares or names, numbers of shareholding and ratio of the top 10 shareholders:	66
(V)	Provide share prices for the most recent 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information:	67
(VI)	The Company's dividend policy and implementation thereof:	67
(VII)	Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:.....	68

(VIII) Remuneration to employees and directors (independent directors):	68
(IX) Status of the Company repurchasing its own shares: None.....	68
II. The Company's handling of corporate bonds: None.....	68
III. The Company's preferred stocks: None.....	68
IV. Global Depository Receipts:	70
V. The status of issue and private placement of employee stock warrants: None.....	69
VI. The status of new restricted employee shares:.....	69
VII. New shares issued upon merger and acquisition or acquisition of another company's shares: None.....	74
VIII. Matters to be recorded regarding the capital application plan: Not applicable.....	74
Five. Overview of Operations.....	75
I. Description of the business:.....	75
(I) Scope of business:	75
(II) An overview of the industry:.....	75
(III) An overview of the Company's technologies and its research and development work:	76
(IV) Long- and short-term business development plans:	79
II. Analysis of the market and the production and marketing situation:.....	80
(I) Market analysis:	80
(II) Important use and production process for the major products:	82
(III) Supply situation for the Company's major raw materials:	82
(IV) A list of suppliers and customers accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years.....	84
(V) Production for the most recent 2 fiscal years:	86
(VI) The sales volume and value for the most recent 2 fiscal years:.....	86
III. Employees:	86
IV. Information on environmental protection expenditures:.....	87
V. Labor relations:.....	90
(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:.....	90
(II) List any losses suffered by the Company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:.....	91
VI. Information and Communication Security Management:.....	91
VII. Important contracts:	93
VIII. Other matters that require additional description: None.....	94
Six. Overview of the Company's Financial Status	95
I. Summary of financial data for the most recent 5 fiscal years	95
(I) Condensed balance sheets and statements of comprehensive income.....	95
(II) Names of the certified public accountants and the auditor's opinion given for the most recent 5 fiscal years:	99
II. Financial analyses for the most recent 5 fiscal years:.....	100
III. Audit committee's report for the most recent fiscal year's financial statement:	105
IV. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: Please visit company website: www.cmmt.com.tw	106
V. A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items: Please visit company website: www.cmmt.com.tw	106
VI. If the Company or its affiliated enterprises have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:.....	106
Seven. Review and analysis of the Company's financial position and financial performance, and a listing of risks.....	107
I. Financial position analysis.....	107
II. Financial performance	108
III. Cash flow analysis:	109

	(I)	Cash flow changes during the most recent fiscal year:	109
	(II)	Corrective measures to be taken in response to illiquidity:	109
	(III)	Liquidity analysis for the coming year (2022)	109
IV.		The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year:	109
	(I)	Major capital expenditures and sources of funds:	109
	(II)	Possible effects to be produced:	109
	(III)	Investment plan for the coming year: The main investment activity in 2021 is to upgrade Taiwan's production lines; there are no other large investment.....	109
V.		The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:	110
	(I)	Reinvestment policy for the most recent fiscal year:	110
	(II)	The main reasons for the profits or losses generated or the most recent fiscal year (2020).....	110
	(III)	Investment plans for the coming year:	110
VI.		The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report:.....	110
	(I)	The effect upon the Company's profits or losses of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:	110
	(II)	The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:.....	111
	(III)	Research and development work to be carried out in the future, and further expenditures expected for research and development work:.....	111
	(IV)	Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:	111
	(V)	Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:	111
	(VI)	Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:	111
	(VII)	Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken:	111
	(VIII)	Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:	111
	(IX)	Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:	111
	(X)	Effect upon and risk to the Company in the event a major quantity of shares belonging to a director (including independent director), or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.	112
	(XI)	Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.	112
	(XII)	Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any company director (including independent director), the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where the result of such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:	112
	(XIII)	Other important risks, and mitigation measures being or to be taken: None.....	113
VII.		Other important matters: None.	113
Eight.		Special Items to Be Included.....	114
I.		Information related to the company's affiliated enterprises:	114
	(I)	Overview of the Company's affiliated enterprises:	114

(II)	Overview of the operations of each associate	116
(III)	Consolidated financial statements of the affiliated enterprises for the most recent fiscal year:www.cmmt.com.tw.....	120
(IV)	Affiliation report of the affiliated enterprises:.....	120
II.	Whether the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.....	121
III.	Holding or disposal of shares in the Company by the Company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report None	121
IV.	Other matters that require additional description None	121
IX.	Other Disclosures: None.....	121

One. 2022 Letter to Shareholders

Dear Shareholders,

The panel industry experienced a severe recession in the second half of the year 2022 due to unfavorable factors such as high inflation and regional conflicts. Overstocking in the industry supply chain and a sharp decline in end demand caused a significant decline in operations in the second half of the year. Thanks to the high value strategies and cost optimization, the Company was able to maintain operating profit throughout the year. Following the 2022 syndicated loan and the Kunshan Chimei Materials Technology equity transaction, the Company's liquidity and financial structure had improved significantly, which helped the Company pull through the challenges in the industry in the second half of the year and enhanced the high value strategies, continue to seek new growth momentum in operations, and create a more diverse and competitive product portfolio.

I. 2022 Operational Results

(I) Implementation Results of Operational Plans

In 2022, CMMT implemented the business strategies of "strengthening the introduction of new clients", "adjusting the product structure", and "orientation to high value". The results of the implementation of CMMT's business policies in 2021 were as follows:

I. Strengthening the introduction of new clients and adjusting the product structure

Implementation results: The percentage of customers from Mainland China was approximately 30% in 2022, which increased from 2021, and the number of mainland Chinese customers also continued to increase.

In addition to old products, the Company has been increasingly promoting new products and applications to existing customers. The proportion of TV has been reduced to 40%, presenting a more suitable product mix for CMMT.

II. Value over quantity

Implementation results: High-value products grew from 4% in 2021 to 7% in 2022. The high-value strategy is beginning to see results. In addition to the existing automotive and OLED factory control products, value-added products now include AR/VR/privacy solutions and other new products. CMMT will also continue to strengthen its technical capabilities and develop niche products to create uniqueness and irreplaceability.

(II) Financial Income and Expenses and Profitability Analysis

Unit: NT\$ thousand; %

Item	2022	2021	Change rate of increase (decrease) (%)
Operating income	9,499,682	11,134,393	(14.68)
Operating profit (loss)	777,100	908,766	(14.49)
Operating income (loss)	16,032	197,783	(91.89)
Net income (loss) for the year	462,118	763,192	(39.45)
Gross margin	8.18	8.16	0.25
Operating income (loss) percentage	0.17	1.78	(90.45)

Unit: NT\$; %

Item		2022	2021
Financial Structure Analysis	Debt to assets ratio (%)	27.18	33.48
	Long-term capital to property, plant and equipment ratio (%)	311.25	275.05
Debt Structure Analysis	Return on assets (%)	3.48	5.43
	Return on equity (%)	4.31	7.60
Profitability Analysis	Ratio of net income (loss) before tax to paid- in capital (%)	6.85	12.30
	Net profit (loss) margin (%)	4.86	6.85
	Earnings (loss) per share	0.69	1.15

II. **Future Business Layout**

(I) Management Policy and Production and Sales Plan

With the continuous development of polarizers high generation wide format production capacity, supply and demand of polarizers will be reversed, coupled with the global economic downturn and weak demand, the polarizer business is facing oversupply, and the competition in the polarizer market is getting fiercer. Continuing the medium-term operation plan of "value over quantity" in 2022, CMMT will continue to strengthen its high-value strategies and develop the optical film market towards emerging needs and existing technologies to explore new growth drivers other than polarizer products.

In customer and supplier relationships, the Company will continue to move forward in the direction of strategic partnerships, and introduce the concept of "ecosystem", replacing completely independent business conduct with cooperative development and co-prosperity to create an ecosystem of maximized profits. Therefore, CMMT will handle new products, new customers, new fields, new applications and new materials with the most positive attitude to create growth momentum.

As the challenges in the industry continue from the second half of 2022 into 2023, CMMT will enhance liquidity, operate in a stable manner, strengthen its development in automation, and introduce a circular economy to cope with the gradually rising operating costs and raw material costs due to inflation.

(II) External Market Competition, Regulations and Overall Economy

During 2021 and the first half of 2022, the polarizer market was in short supply, but in the second half of 2022, there was a significant shift. As China's high generation wide-format production lines are opening up for new capacity as scheduled, the market has turned to be in excess of demand, resulting in a decline in activation and heavy pressure on the unit sales price. With the new production capacity of panel manufacturers slowing down and the new production capacity of polarizers continuing to be developed, the polarizer market is once again entering an era of high competition.

Looking ahead to 2023 and the continuation of the highly volatile environment in 2022, with geopolitics, inflation and exchange rates still highly volatile, CMMT will tackle new challenges with the principles of "proactive strategies" and "stable operations".

(III) Environmental, Social, and Governance (ESG)

CMMT launched three phases of solar power generation in 2022, which began supplying power in Q3 2022, and completed the installation of an energy storage system, which was connected to the grid in February 2023, in response to the government's initiative to increase the proportion of solar power generated and stabilize the power grid.

In terms of water resources, with the installation of a water recycling system at the end of 2021, CMMT's water consumption and wastewater discharge in 2022 was reduced by nearly 30%. In 2023, CMMT will continue to optimize the treatment efficiency of the water recycling system to optimize water consumption and wastewater discharge. In addition, CMMT will continue the recycling and reduction processes of production materials, so that resources can be recycled and greenhouse gas emissions can be reduced.

To promote digital education, CMMT donated tablet computers for local elementary schools and digital education centers in 2022, and held the "CMMT Dreamer Campus Competition" in 2022 to enhance industry-academia cooperation and deepen students' connection to academic and industrial practices through the competition. In support of the government's efforts to fight the pandemic, CMMT donated 1,000 rapid test kits and 300 pandemic prevention kits to the Tainan City Government Bureau of Social Affairs for public welfare distribution.

In December 2022, CMMT established a Sustainability Committee, a formal establishment to be responsible for corporate and environmental sustainability planning and implementation.

Chairperson Ho Jau-Yang

Manager Lian Wei-Chung

Date: February 13, 2023

Two. Company Profile

I. Date of incorporation: May 17, 2005

II. Company history:

May 2005	Established Chi Mei Materials Technology Corporation, with a paid-in capital of NT\$350,000 thousand as company invested by Chi Mei Corporation.
June 2005	Produced the first Pilot polarizing film.
November 2015	Released the polarizing film internally with the equivalent optical quality specifications to the ones available in the market.
November 2015	Increased cash capital by NT\$650,000 thousand (approval of change by the Ministry of Economic Affairs: 2005-11-28). Paid-in capital increased to NT\$1,000,000 thousand.
February 2016	Established Ningbo Chi Mei Materials Technology Co., Ltd. (2006-02-06), with paid-in capital of US\$13,000 thousand - a 100% investment company of Chi Mei Materials Technology Co., Ltd.
June 2016	Increased cash capital by NT\$1,500,000 thousand (approval of change by the Ministry of Economic Affairs: 2006-07-07). Paid-in capital increased to NT\$2,500,000 thousand.
October 2016	Completed the construction of Taiwan's Plant 1 and attained the user license (2006-10-30).
March 2017	Began mass production at the first front-end production line in Taiwan.
April 2017	Attained the ISO 9001:2000 quality certification. Attained the QC 080000:2005 green product management system certification.
May 2017	Began mass production at the second front-end production line in Taiwan.
October 2017	Reduced capital by NT\$1,000,000 thousand and increased cash capital by NT\$800,000 thousand (approval of change by the Ministry of Economic Affairs: 2007-11-19). Paid-in capital increased to NT\$2,300,000 thousand.
December 2017	Revenue in Taiwan reached NT\$600 million in a single month, achieving the break-even point.
December 2017	Began mass production on the first back-end production line in Ningbo, China.
January 2008	Attained the ISO 14001:2004 environmental management system certification for Taiwan. Attained the OHSAS 18001:1999 occupational health and safety management system certification for Taiwan.
March 2008	Began the construction of Chi Mei's second polarizing plant in Taiwan.
April 2008	Installed the second back-end production line in Ningbo, China.
May 2008	Increased cash capital by NT\$550,000 thousand (approval of change by the Ministry of Economic Affairs: 2008-06-12). Paid-in capital increased to NT\$2,850,000 thousand.
July 2008	Began mass production and shipping on the second back-end production line in Ningbo, China.
March 2009	Attained the OHSAS 18001:2007 occupational health and safety management system certification for Taiwan.
October 2009	Attained the ISO 9001:2008 quality certification for Taiwan.
November 2009	Increased cash capital by NT\$1,000,000 thousand (approval of change by the Ministry of Economic Affairs: 2009-12-17). Paid-in capital increased to NT\$3,850,000 thousand.
November 2009	Installed the third front-end production line in Taiwan.
December 2009	Began trial operation on the third front-end production line in Taiwan.
January 2010	Completed the construction of Taiwan's Plant 2 and attained the user license (2006-01-26).
February 2010	Began mass production on the third front-end production line in Taiwan.
July 2010	Applied for public offering.
August 2010	Listed on the Emerging Stock Board.
September 2010	Established Chi Mei Video Technology Co., Ltd. (2010-09-10), with paid-in capital of US\$25,500 thousand - a 100% investment company of Chi Mei Materials Technology Co., Ltd.
December 2010	Began the installation of the fourth front-end production line in Taiwan.
April 2011	Began mass production on the fourth front-end production line in Taiwan. Listed for trading on the TWSE.

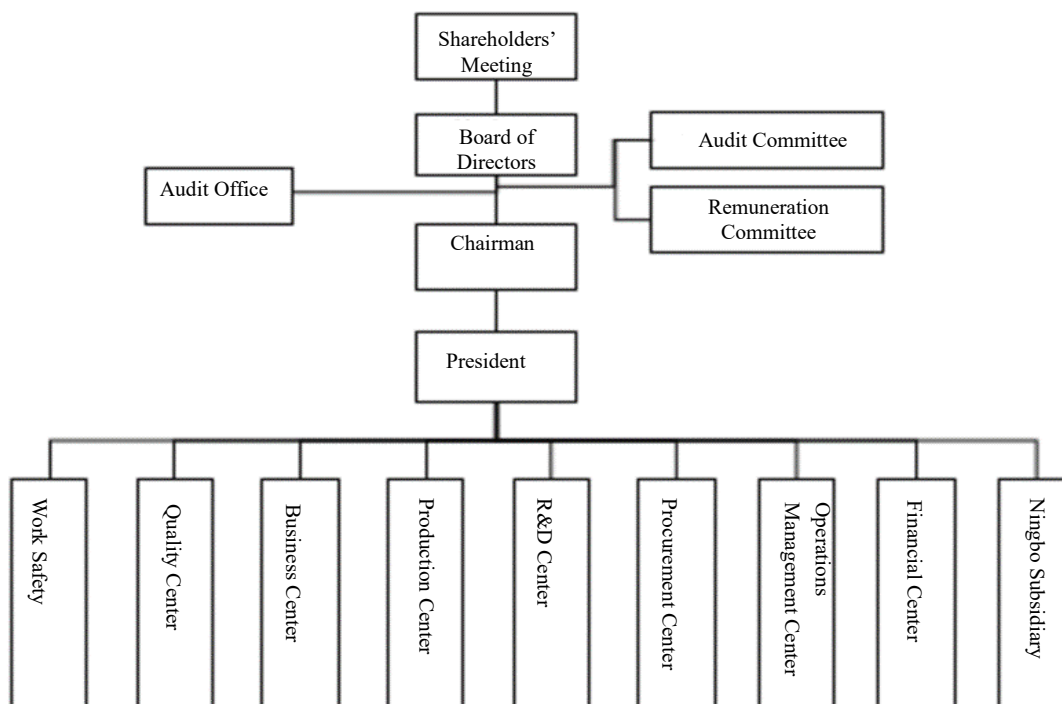
October 2011	Increased cash capital by NT\$235,200 thousand (approval of change by the Ministry of Economic Affairs: 2011-11-04). Paid-in capital increased to NT\$4,431,700 thousand.
August 2012	Increased cash capital by NT\$480,000 thousand (approval of change by the Ministry of Economic Affairs: 2012-09-17). Paid-in capital increased to NT\$4,911,700 thousand.
February 2014	Approved the establishment of a front and back-end polarizer plant in Kunshan, China, by the board of directors.
March 2014	Signed an investment agreement with a Kunshan-related joint venture.
March 2014	Established Chi Mei Materials Technology Investment Co., Ltd. (2014-03-07), with paid-in capital of US\$5 thousand - a 100% investment company of Chi Mei Materials Technology Co., Ltd.
April 2014	Established Kunshan Chi Mei Materials Trading Co., Ltd. (2014-04-14), with paid-in capital of US\$360 thousand - a 100% investment company of Chi Mei Materials Technology Co., Ltd.
May 2014	Established Kunshan Chi Mei Materials Technology Co., Ltd. (hereinafter referred to as “Kunshan CMMT”) (2014-05-13), with paid-in capital of US\$73,500 thousand - a 100% investment company of Chi Mei Materials Technology Co., Ltd. Note: The total capital of the investment of the establishment of Kunshan CMMT was expected to be US\$150,000 thousand, with the Company holding 49% of its shares; the investment amount was US\$73,500 thousand. As of December 31, 2013, the paid-in capital of Kunshan CMMT was in US dollars. The amount of US\$73,500 thousand was capitalized by the Company; the Company’s indirect current shareholding ratio was 100%.
August 2014	Capital increase out of earnings to issue new shares (approval of change by the Ministry of Economic Affairs: 2014-09-03) increased the capital by NT\$245,585 thousand. Paid-in capital reached NT\$5,157,285 thousand.
October 2015	Signed the investment agreement and changed the joint venture partners of Kunshan CMMT to Hangzhou Jinjiang Group Company Ltd. holding 46% of the shares and Zhejiang Renyuan Import & Export Co., Ltd. holding 5% of the shares.
March 2017	The Company’s participation in the issuance of global depository receipts by cash capital increase was approved by the Department of Foreign Exchange, Central Bank of Taiwan with an issued Letter Tai-Yang-Wai(5) 10600092680 dated March 8, 2017, and Financial Supervisory Commission with an issued Order Letter Jin-Kuan-Cheng-Fa-Tzu 1060008354 dated March 30, 2017.
September 2017	The Company issued new shares for cash capital increase and participated in the issuance of global depository receipts and was officially listed on Singapore Exchange (SGX) on September 15, 2017.
November 2017	The Company entered into a cooperation agreement with Nitto Denko for the polarizer technology license. Kunshan Chi Mei had the rights to three 2,500mm wide production line for a total amount of JPY7.5 billion.
July 2018	The Company officially changed its name to Cheng Mei Materials Technology Corp.
January 2019	Vice chairperson Ye Mei-Li unlawfully dismissed former chairperson Ho Jau-Yang, resulting in a dispute over the Company’s rights. According to the enforcement order of the Taipei District Court dated February 14, 2019, the chairperson Ho Jau-Yang resumed the job as the Company’s chairperson.
April 2019	The 2019 special meeting of shareholders was convened by the Company’s independent director Liu Wei-Ting for the by-election of directors and independent directors, and Ho Jau-Yang was elected by the elected directors to continue to serve as chairperson. The Company’s auditors for the 2018 (restated) financial statements issued an audit report of “Unqualified Opinion Plus Material Uncertainties Relating to the Continuous Operation and Other Matters” and classified the Company’s listed marketable securities as a change in trading method.
July 2019	The Company’s application for debt negotiation with the creditor banks has been approved by all the creditor banks.
October 2019	The capital of the subsidiary Kunshan CMMT was increased by its original shareholder by RMB200 million in cash. The shareholding ratio of Chi Mei Materials Technology Investment Co., Ltd. (the Company’s 100% investment company) was reduced to 45.15%.
December 2019	The subsidiary Kunshan CMMT increased its capital by US\$57 million in cash and

	introduced a new investor, Hefei Beicheng II Optoelectronics Industry Investment Partnership (limited partnership), resulting in a decrease in the shareholding ratio of the Company, Chi Mei Materials Technology Investment Co., Ltd. (the Company's 100% investment Company) to 38.4%. Kunshan CMMT was changed from a significant subsidiary to an investment company.
April 2020	The CPAs have issued an "Unqualified Opinion Plus Material Uncertainties Relating to the Continuous Operation and Other Matters" for the 2019 financial statements published and reported by the Company; therefore, the ordinary trading method of the Company's listing securities was resumed.
April 2020	The Company's application for extension of debt negotiation with the creditor banks was approved by more than two-thirds of the creditor banks.
October 2020	The Company's subsidiary, CM Visual Technology Corporation (CMVT) (formerly known as Chi Mei Visual Technology Co., Ltd.) increased its capital by \$22,000 thousand in cash and introduced a new investor, Himax Technologies, Inc., reducing the shareholding ratio of the Company and its wholly-owned subsidiary, Cheng Hui Investment Co., Ltd., to 23.29%.
November 2020	After the special meeting of shareholder was convened by the subsidiary, CMVT, for the by-election of directors and supervisors, the Company acquired 2 out of 5 seats of directors, and CMVT was changed from a subsidiary to an investment company.
December 2020	Kunshan CMMT completed the share conversion and changed its name to Hengmei Optoelectronic Corporation. (hereinafter referred to as "Hengmei").
April 2021	At the 2021 general meeting of shareholders, the directors and independent directors were elected, and Ho Jau-Yang was elected by the elected directors to continue to serve as the chairperson.
June 2021	Issued 5,000,000 new shares for the first issuance of restricted stock awards in 2021.
Nov 2021	Issued 4,805,000 new shares for the second issuance of restricted stock awards in 2021.
December 2021	The Company's first extraordinary shareholders' meeting in 2021 approved the disposal of Chi Mei Materials Technology Investment Co., Ltd., a major subsidiary of the Company, and sold the entire equity of Hengmei by selling the equity of Chi Mei Materials Technology Investment Co., Ltd.
December 2021	The Company signed a three-year syndicated loan agreement, worth the equivalent of NT\$4.6 billion, with a group of four banks, namely Taiwan Cooperative Bank, Chang Hwa Commercial Bank, Ltd., Mega International Commercial Bank, and Land Bank of Taiwan.
Feb 2022	The Company's debts negotiation case was officially terminated.
December 2022	The Company's board of directors resolved to terminate the listing of its GDRs on the Singapore Exchange in August 2022 and completed the termination process on the Singapore Exchange on December 15, 2022.
December 2022	At the first shareholders' meeting in 2022, the Company approved a cash capital reduction and refund to shareholders, and the cash capital reduction amounted to NT\$1,012,627,300, eliminating 101,262,730 shares. The capital reduction was reported to the Taiwan Stock Exchange Corporation and effective based on letter Tai-Cheng-Shang-Yi No. 1121800886 dated March 6, 2023. The registration of change was approved by the Ministry of Economic Affairs on March 13, 2023 by letter Ching-Shou-Shang No. 11230037130. The paid-in capital after capital reduction was NT\$5,728,818 thousand.

Three. Corporate Governance Report

I. Organization:

(I) Organizational structure:



(II) Operations of each major division:

Date: May 10, 2023

Name of Department	Main Functions
Audit Office	Overseeing the promotion of audit matters.
Work Safety	Overseeing the promotion of work safety matters.
Quality Center	Overseeing the promotion of the quality system and quality engineering.
Business Center	Overseeing the promotion of product sales and market customer management business.
Production Center	Overseeing the promotion of front and back-end production technology and optical equipment. Overseeing the promotion of equipment technical plant affairs (plumbing, electrical and air conditioning). Overseeing the promotion of production control, property management, IE, warehouses.
R&D Center	Overseeing the promotion of R&D technology.
Procurement Center	Overseeing the promotion of procurement and supplier management.
Operations Management Center	Overseeing the promotion of HR, general affairs, information and operations management.
Financial Center	Overseeing the promotion of finance and accounting work.
Ningbo Subsidiary	Overseeing the promotion of management of overseas subsidiary operations.

II. Directors (including independent directors), presidents, vice presidents, assistant managers, supervisors of all departments and branches:

(I) Information on the professionalism and independence of the directors (including independent directors)

1. Information on directors (including independent directors):

Closing date: April 29, 2023 Unit: Shares

Title	Nationality or Place of Registration	Name	Gender/age	Date Elected	Term	Date First Elected	Shares Held When Elected (Note 4)		Current Shares Held (Note 4)		Shares Currently Held by Spouse and Underage Children (Note 4)		Shares Held in the Name of Others (Note 4)		Main (Academic) Experience	Current Concurrent Positions in the Company and Other Companies	Other Managers, Directors or Spouses or Within Second-Degree of Kinship to Each Other			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairperson	Republic of China	Ho Jau-Yang	Male 71-80 years old	April 30, 2021	3	November 25, 2011	4,865,313	0.73%	4,134,498	0.72%	866,402	0.15%	0	0%	Bachelor's degree, Department of Chemical Engineering, National Cheng Kung University President, Chi Mei Corporation Vice chairperson, Chi Mei Optoelectronics Corporation	(1) Director, CMVT (2) Executive Director, Ningbo CMMT (3) Chairperson, Cheng Hui Investment Co., Ltd. (4) Chairperson, Cheng Hui Trading Co., Ltd. (5) Executive Director, CMMT (Samoa)	-	-	-	
Corporate Director	Republic of China	Abraham Investment Co.	-	April 30, 2021	3	April 26, 2021	50,000	0.01%	892,280	0.16%	-	-	-	-		-	-	-		
		Hsu Ting-Chen (Note 1)	Male 51-60 years old			April 11, 2022	116,000	0.02%	98,575	0.02%	0	0%	0	0%	Ph.D. in Electrical Engineering, University of Texas at Austin Chairperson, JemiTek Co., Ltd. Chairperson/Vice President, Chi Mei Optoelectronics Corporation Director, G-TECH Optoelectronics Corporation	Director, SHARP CORPORATION	-	-	-	
		Sung Yen-Yi (Note 1)	Female 51-60 years old			March 13, 2023	30,000	0.00%	25,493	0.00%	0	0%	0	0%	News Group of Department of Public Communication at Fu Jen Catholic University	Abraham Investment Co. Director				
Corporate Director	Republic of China	Ever Fortunes Internatioanl Investment Co., Ltd.	-	April 30, 2021	3	April 30, 2021	60,000	0.01%	870,000	0.15%	-	-	-	-		-	-	-		
		Lian Wei-Chung (Note 1)	Male 51-60 years old			May 5, 2022	1,438,221	0.21%	1,490,000	0.26%	0	0%	0	0%	Bachelor's Degree, Department of Business Administration, National Central University CFO, ELTA Technology Vice President of Finance, Admiral Oversea Corporation Economic Cooperation Vice President, Cheng Uei Precision Industry Co., Ltd.	(1) Acting President, CMMT (2) Supervisor, Ningbo CMMT (3) Supervisor, CMVT	-	-	-	
Corporate Director	Republic of China	Four Seasons's Logistics Services Intl Corp.	-	April 30, 2021	3	April 30, 2021	2,855,000	0.43%	9,691,863	1.69%	-	-	-	-		-	-	-		
		Jason C Kan (Note 1)	Male 51-60 years old			March 11, 2022	1,131,000	0.17%	961,113	0.17%	0	0%	0	0%	Bachelor of Laws, National Taiwan University Assistant Manager, Han You Venture Capital Management Consulting Co.	Chairperson, Buena Venture Management Corp.	-	-	-	
Corporate Director	Republic of China	Yen Wen Asset Management Consulting Co.	-	April 30, 2021	3	April 30, 2021	200,000	0.03%	220,945	0.04%	-	-	-	-		-	-	-		
		Huang Chiang-Huang	Male 51-60 years old			August 12, 2021	0	0%	0	0%	0	0%	0	0%	Master's degree, Finance, National Taiwan University Independent Director, iCatch Technology, Inc.	(1) Supervisor, eChem Solutions Corp. (2) Independent Director, EPILEDS TECHNOLOGIES, INC. (3) CFO, Hiyes International Co., Ltd.	-	-	-	
Director	Republic of China	Lo Lai-Huang (Note 2)	Male 51-60 years old	April 30, 2021	3	June 21, 2017	1,285,126	0.19%	0	0%	0	0%	0	0%	Master of Business Administration, the University of Manchester, UK Executive Director, Bank of America Taipei Branch Executive Director, BNP Paribas Taipei Branch Vice President and CFO, E-Ton Solar Tech Co., Ltd. Vice President of Operations, Pilot Electronics Corporation President, Anderson Group Independent director, CMMT President, Cheng Mei Materials	-	-	-		

Title	Nationality or Place of Registration	Name	Gender/age	Date Elected	Term	Date First Elected	Shares Held When Elected (Note 4)		Current Shares Held (Note 4)		Shares Currently Held by Spouse and Underage Children(Note 4)		Shares Held in the Name of Others (Note 4)		Main (Academic) Experience	Current Concurrent Positions in the Company and Other Companies	Other Managers, Directors or Independent Directors Who Are Spouses or Within Second-Degree of Kinship to Each Other			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
														Technology Corporation						
Independent Director	Republic of China	Liu Wei-Ting	Male 41-50 years old	April 30, 2021	3	2017/02/08	0	0%	0	0%	0	0%	0	0%	Bachelor's degree, Department of Law, National Chung Cheng University Executive Master of Business Administration, College of Management in-service Master's Program, National Taiwan University PhD Candidate, China University of Political Science and Law, Beijing Judicial Officer, Fourth Category Special Examination Clerk, Shihlin District Court, Taiwan	(1) Supervisor, TOA - JET Chemical Co., Ltd. (2) Director, Taipei Law Attorney-at-Law (3) Presiding Lawyer/Director, Taipei Law Attorney-at-Law (4) Arbitrator, Chinese Arbitration Association, Taipei (5) Agent, Patents/Trademarks (6) Independent Director, Kwong Fong Industries Corporation	-	-	-	
Independent Director	Republic of China	Chang Juu-En	Male 71-80 years old	April 30, 2021	3	April 30, 2021	0	0%	0	0%	0	0%	0	0%	Ph.D. in Civil Engineering, Tohoku University, Japan Director, Sustainable Environment Research Laboratories, National Cheng Kung University Director, Formosa Association of Resource Recycling Director, Center of Research on Sustainable Environmental Technology, National Cheng Kung University Aim for the Top University Project Minister and Deputy Minister, Environmental Protection Administration, Executive Yuan Director, Chinese Institute of Environmental Engineering Vice Director, College of Engineering, National Cheng Kung University Chief Executive Officer, NCKU Research and Development Foundation	(1) Independent Director, Cleanaway Co., Ltd. (2) Independent Director, Green River Holding Co. Ltd.	-	-	-	
Independent Director	Republic of China	Wu Te-Feng (Note 2)	Male 61-70 years old	December 29, 2021	3	December 29, 2021	0	0%	0	0%	0	0%	0	0%	Master of Business Administration, College of Management, National Taiwan University Executive MBA, Fudan University Bachelor of Commerce in Accounting, Soochow University Chief Strategic Advisor, INT TECH CO., LTD. Director, Eyes Media Co., Ltd. Vice President and Chief Strategist, PwC Taiwan	(1) Director, CHENBRO MICOM CO., LTD. (2) Director, Taiwan Star Telecom Corporation Limited (3) Director, Card Plus Pte. Ltd. coffee chain company, Singapore (4) Chairperson, Hu Hsia Strategic Management Consulting Co., Ltd.				
Independent Director	Republic of China	Lin Yi-Chang (Note 3)	Male 61-70 years old	June 27, 2022	3	June 27, 2022	0	0%	0	0%	0	0%	0	0%	Department of Accounting, Soochow University M.S. in Management, National Sun Yat-sen University Taiwan certified public accountant CPA, PwC Taiwan Chief CPA, PwC Taiwan Kaohsiung Branch	(1) Independent Director, Ton Yi Industrial Corp. (2) Laser Tek Taiwan Co.,Ltd. Independent Director	-	-	-	

Note:

- On March 11, 2022, the corporate director, Four Season's Logistics Services Intl Corp., assigned Jason C Kan as the representative, and the original representative, Kan Chien-Gu, was dismissed; on April 11, 2022, the corporate director, Ever Fortunes Internatioanl Investment Co., Ltd, assigned Hsu Ting-Chen as the representative, and the original representative, Lu Wei-Lun, was dismissed; on May 5, 2022, the corporate director, Ever Fortunes Internatioanl Investment Co., Ltd, assigned Lian Wei-Chung as the representative, and the original representative, Hsu Ting-Chen, was dismissed; on May 5, 2022, the corporate director, Abraham Investment Co., assigned Hsu Ting-Chen as its representative and the original representative, Chen Chi-Wen, was dismissed; on March 13, 2023, the corporate director, Abraham Investment Co., assigned Sung Yen-Yi as its representative and the original representative, Hsu Ting-Chen, was dismissed.
- Mr. Wu Te-Feng was elected as one of the Company's independent directors on December 29, 2021, at the first extraordinary shareholders' meeting of 2021, and resigned on March 31, 2022; Mr. Lo Lai-Huang resigned on June 13, 2022.
- Mr. Lin Yi-Chang was elected as one of the Company's independent directors on June 27, 2022, at the Company's 2022 general shareholders' meeting.
- The number of shares held at the time of election is the number of shares before capital reduction; the number of shares currently held is the number of shares after capital reduction.

2. Principal shareholders of corporate shareholders:

May 10, 2023

Name of corporate shareholder	Principal shareholders of corporate shareholders:
Ever Fortunes International Investment Co., Ltd	Lian Wei-Chung (11%), Rui Fucheng Investment Limited(44.5%), Bojusheng Investment Limited(44.5)
Abraham Investment Co., Ltd	Cao Hui-Jun (99.9%), Liang Qingying (0.1%)
Four Season's Logistics Services Intl Corp.	Kan Lai Jung-Yu (7.4%), Four Season's investment Co. Ltd (89.1%)., other (3.5%)
Yanwen Asset Management Consulting Co., Ltd.	TAIWAN LAF" E CO., LTD(31.35%), Zhan Wen-Xiong(20.17%), other (48.48%)

3. If the principal shareholder of a corporate shareholder is a legal entity, the principal shareholder:

May 10, 2023

Name of legal entity	Principal shareholders of the legal entity
Four Season's investment Co. Ltd.	Four Season's Logistics Services Intl Corp.(20%), Jason C Kan(16%), Kan Zhi-Wen(14%), Other (50%)
TAIWAN LAF" E CO., LTD	Chen Mei-Ling(21.05%), other(78.95%)

4. Professional qualifications and independence of directors (including independent directors):

Qualifications Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Ho Jau-Yang	Once served as the president of CHIMEI Corporation and the president and vice chairman of Innolux Corporation (formerly known as Chimei Innolux Corporation), with complete and extensive experience in the optoelectronics industry and expertise in internationalization, business management, and the research and development of technology.	Such director is free of the circumstances in Article 30 of the Company Act	0
Corporate Director Representative Lian Wei-Chung	Lian has held management positions such as CFO or VP of Finance of Admiral Oversea Corporation and a number of Taiwanese public companies including CMMT. He has more than five years of working experience in business, finance and corporate, and has financial and corporate management skills, as well as internationalization and corporate governance experience. He concurrently serves as the acting president of the Company.	Not under any circumstances as stipulated in Article 30 of the Company Act.	None
Corporate Director Representative Sung Yen-Yi	Previously served as a procurement and business supervisor in the panel and display industry. With extensive experience in the company's industry, and over five years of work experience in business, finance, and corporate operations. With the ability to manage and market the company, assisting in the development of market strategy and business promotion.	Not under any circumstances as stipulated in Article 30 of the Company Act.	None
Representative of Four Season's Logistics Services Intl Corp.: Jason C Kan	Graduated from the College of Law, National Taiwan University; serves as chairman of Shengye Investment Co., Ltd., with expertise in business management, accounting, finance, and law, and meets the professional qualifications for company directors.	Such director is free of the circumstances in Article 30 of the Company Act	0

Representative of Yanwen Asset Management Consulting Co., Ltd.: Huang Chiang-Huang	Currently serves as chief financial officer of Hiyes International Co., Ltd., a publicly listed company, and independent director of Epileds Technologies, Inc., with expertise and experience in finance, business management, and company supervision.	Such director is free of the circumstances in Article 30 of the Company Act	1
Independent director Liu Wei-Ting	Serves as attorney-in-charge and head of Taipei Law Attorneys-at-Law; has served as independent director of the Company for three terms, with professional legal knowledge and knowledge of the Company's business model; can put his expertise to good use independently and objectively, provide valuable advice, and duly supervise the Company. None of the circumstances stipulated in Article 30 of the Company Act.	Has served as independent director of the Company for three terms. He, his spouse, and relatives within the second degree of kinship have not held any positions at the Company, its affiliates, or companies with a specific relation with the Company, nor have they held any shares of the Company; he meets the requirement for independence under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Independent director Chang Juu-En	Once served as deputy director-general and director-general of the Environmental Protection Administration, Executive Yuan, specializing in environmental engineering, which is conducive to the promotion of sustainable development and other relevant tasks by the Company. Concurrently serves as an independent director of two other publicly listed companies, with experience and capabilities in company supervision. None of the circumstances stipulated in Article 30 of the Company Act.	Serves as independent director of the Company for the first time. He, his spouse, and relatives within the second degree of kinship have not held any positions at the Company, its affiliates, or companies with a specific relation with the Company, nor have they held any shares of the Company; he meets the requirement for independence under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	2
Independent director Lin Yi-Chang	Passed the Certified Public Accountant (CPA) examination and has served as a CPA at PWC Kaohsiung firm as Chief CPA. Their expertise lies in accounting and auditing-related work. Currently hold positions as an independent director in two listed and over-the-counter companies, with experience and capabilities in business, financial and supervision. None of the circumstances stipulated in Article 30 of the Company Act.	Serves as independent director of the Company for the first time. He, his spouse, and relatives within the second degree of kinship have not held any positions at the Company, its affiliates, or companies with a specific relation with the Company, nor have they held any shares of the Company; he meets the requirement for independence under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	

Note:

- Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, state their accounting or financial background and work experience and whether any of the circumstances stipulated in Article 30 of the Company Act apply.
- Specify the independence status of independent directors, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates; the number and percentage of the Company's shares held by them, their spouse, or relatives within the second degree of kinship (or by nominee arrangement); whether they are directors, supervisors, or employees of companies with specific relations with the Company (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration received by the affiliates for their business, legal, financial, accounting, and other services over the last two years.

5. Board diversity status:

The Company's board diversification guidelines offer 8 indicators based on industry experience and professional discipline: business management, technical R&D, internationalization, marketing, accounting and finance, law, corporate governance, and environmental technology. The industry experience and professional discipline of the Company's eight directors encompass all 8 indicators; in particular, 12.5%, 25%, 37.5%, and 25% of the directors satisfy 5, 4, 3, and 2 indicators, respectively.

Company directors and independent directors who are also employees account for 12.5% and 37.5%, respectively. 1 director falls in the 40-50 years old age group, 4 fall in the 50-60 years old age group, 1 falls in the 60-70 years old age group, and 2 fall in the 70-80 years old age group.

The Company's specific management objectives of its diversity policy and status of achievement:

Management objective	Achievement
More than 2 independent directors	Achieved
Less than one-third of directors concurrently serve as managerial officers	Achieved
At least one female director (Note)	Achieved

Note: On March 13, 2023, Abraham Investment Co. assigned Ms. Sung Yen-Yi as its representative as a corporate director

Name	Title	Gender	employee	Industry experience				Professional field			
				Business management	Technology R&D	Internationalization	Marketing	Financial and accounting	Law	Company supervision	Ecotechnology
Ho Jau-Yang	Chairman	Male		√	√	√					√
Sung Yen-Yi	Director	V		√	√						
Hsu Ting-Chen	Director	Male		√	√	√	√				
Chen Chi-Wen	Director	Male		√			√			√	
Jason C Kan	Director	Male		√				√	√		
Huang Chiang-Huang	Director	Male		√				√			
Liu Wei-Ting	Independent Director	Male		√		√	√		√	√	
Chang Juu-En	Independent Director	Male		√						√	√

(II) Information on presidents, vice presidents, assistant managers, supervisors of all departments and branches:

Closing date: April 29, 2023 ; Unit: Shares

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Main (Academic) Experience	Current Concurrent Positions in Other Companies	Managerial Officers Who are Spouses or Relatives of Second Degree or Closer			Managerial Officers Holding Employee Share Subscription Warrants	Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship		
President	Republic of China	Lo Lai-Hwang	Male	2020-11-06	0	0%	0	0%	0	0%	Master of Business Administration, the University of Manchester, UK President Assistant, Cheng Mei Materials Technology Co. Acting President, CMMT Acting President, Kunshan CMMT Independent director, CMMT President, Anderson Group Vice President of Operations, Pilot Electronics Corporation Vice President and CFO, E-Ton Solar Tech Co., Ltd. Executive Director, BNP Paribas Taipei Branch Executive Director, Bank of America Taipei Branch	-	None	None	None	None	See Note 1 for details
Acting President	Republic of China	Lian Wei-Chung	Male	2018-03-19	1,490,000	0.26%	0	0%	0	0%	Bachelor's Degree, Department of Business Administration, National Central University CFO, ELTA Technology Vice President of Finance, Admiral Oversea Corporation Economic Cooperation Vice President, Cheng Uei Precision Industry Co., Ltd.	(1) Supervisor, Ningbo CMMT (2) Supervisor, CMVT	None	None	None	None	See Note 4 for details
Vice President	Republic of China	Hung Yu-Li	Male	2021-01-01	502,198	0.09%	2,804	0%	0	0%	Department of Industrial Engineering and Management, National Kaohsiung University of Science and Technology Independent director, CMMT Manager of Manufacturing Department, BenQ Materials Corporation Manager of Manufacturing Department, Taiwan Crystal Superior Technology Co., Ltd. Business Director, Gallant Ocean International, Inc. (Vietnam)	-	None	None	None	None	See Note 2 for details
Associate Vice President	Republic of China	Sheng Hai-Tien	Male	2021-01-01	857,689	0.15%	0	0%	0	0%	Executives Program, Department of Account, Chengchi University Senior Director, CMMT Director, Anderson Group CFO, Strategy Director, Anderson Group President, KPMG	(1) Director, CMVT (2) Vice President, Ningbo CMMT	None	None	None	None	See Note 2.7. for details
Associate Vice President	Republic of China	Lu Chih-Hai	Male	2022/01/01	358,874	0.07%	0	0%	0	0%	Department of Chemical Engineering, Chung Yuan University. Senior Director of the department, CMMT Vice President, Ningbo CMMT	President, Ningbo CMMT	None	None	None	None	See Note 2 for details
Assistant Manager	Republic of China	Kuo Chao-Hui	Male	2022-05-05	0	0%	0	0%	0	0%	PhD, Institute of Polymer Science and Engineering, National Taiwan University Senior Manager, Delta Electronics R&D Headquarters R&D Director, TPK TOUCH SOLUTIONS INC. nano silver business unit Asia Senior Manager, Entegris technical services in Taiwan R&D Manager, Foxconn Technology glue development department	-	None	None	None	None	See Note 3 for details
Director (Chief Financial Accounting Officer)	Republic of China	Huang Pei-Ming	Male	2022-10-17	133,063	0.03%	0	0%	0	0%	M.S. in Accounting, Tamkang University Finance and Accounting Director, Cheng Mei Materials Technology Corporation Finance Manager, Dynamic Electronics Co., Ltd. Finance Manager, Baishuo Computer (Suzhou) Co. Assistant Manager, Deloitte & Touche	-	None	None	None	None	See Note 6 for details
Manager (Chief Corporate Governance Officer)	Republic of China	Ma Shao-Heng	Male	2022-08-04	75,056	0.02%	0	0%	0	0%	J.D., University of New South Wales, Australia Chairperson's Assistant, Cheng Mei Materials Technology Corporation Legal Compliance and Legal Office Manager, Cheng Mei Materials Technology Corporation	(1)Supervisor, Cheng Hui Investment Co., Ltd. (2)Supervisor, Cheng Hui Trading Co., Ltd.					See Note 5 for details

Note:

1. President Lo Lai-Huang resigned on June 13, 2022.
2. On the board meeting held on December 23, 2021, the following matters were resolved:
(1) Assistant Manager Sheng Hai-Tien was promoted to Vice President of the Operations and Management Center, effective from January 1, 2022.
(2) Assistant Manager Hung Yu-Li was promoted to Vice President of the Production Center, effective from January 1, 2022.
(3) Senior Director Lu Chih-Hai was promoted to Assistant Manager and appointed as President of Ningbo CMMT.
3. On May 5, 2022, the Board of Directors resolved to appoint Assistant Manager Kuo Chao-Hui as the head of the R&D Center.
4. On June 22, 2022, the Board of Directors resolved to appoint Executive Vice President Lian Wei-Chung as the Acting President.
5. On August 4, 2022, the Board of Directors resolved to appoint Manager Ma Shao-Heng as the chief corporate governance officer.
6. On October 17, 2022, the Board of Directors resolved to appoint Director Huang Pei-Ming as the Head of Finance and Accounting.
7. On April, 30, 2023, Mr Sheng Hai-Tien retired.

(III) If the chairperson of the board of directors is the same person as the president or the equivalent position, or if they are spouses or relatives of one another, they shall state the reasons, rationality, necessity, and measures to address the situation:
not applicable.

III. Remuneration paid to directors (including independent directors), presidents and vice presidents during the most recent fiscal year:

(I) Remuneration paid to directors (including independent directors), presidents and vice presidents

1. Remuneration to directors (including independent directors):

Date: December 31, 2022; Unit: NT\$ thousand

Title	Name	Remuneration to Directors								Remuneration as Company employees										The sum of A, B, C, D, E, F, and G as a percentage of net loss (Note 10)	Remuneration from investees other than subsidiaries (Note 11)	
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)		The sum of A, B, C and D as a percentage of net loss (Note 10)		Salaries, bonuses, special allowances, etc. (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company		All companies included in the financial reports (Note 7)				The Company
															Cash amount	Stock amount	Cash amount	Stock amount				
Chairperson	Ho Jau-Yang	6,749	6,749	0	0	876	876	114	114	1.67%	1.67%	0	0	0	0	0	0	0	0	1.67%	1.67%	None
Corporate Director	Abraham Investment Co. (Note 12)	720	720	0	0	876	876	0	0	0.35%	0.35%	0	0	0	0	0	0	0	0	0.35%	0.35%	None
	Representative: Chen Chi-Wen	0	0	0	0	0	0	31	31	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	None
	Representative: Hsu Ting-Chen	0	0	0	0	0	0	10	10	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Corporate Director	Ever Fortunes International Investment Co., Ltd (Note 12)	720	720	0	0	876	876	0	0	0.35%	0.35%	0	0	0	0	0	0	0	0	0.35%	0.35%	None
	Representative: Lu Wei-Lun	0	0	0	0	0	0	15	15	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	None
	Representative: Hsu Ting-Chen	0	0	0	0	0	0	10	10	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	None
	Representative: Lian Wei-Chung	0	0	0	0	0	0	0	0	0.00%	0.00%	8,569	8,569	108	108	915	0	915	0	2.08%	2.08%	None
Corporate Director	Four Season's Logistics Services Intl Corp. (Note 12)	720	720	0	0	876	876	0	0	0.35%	0.35%	0	0	0	0	0	0	0	0	0.35%	0.35%	None
	Representative: Kan Chien-Fu	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	None
	Representative: Jason C Kan	0	0	0	0	0	0	45	45	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Corporate Director	Yen Wen Asset Management Consulting Co.	720	720	0	0	876	876	0	0	0.35%	0.35%	0	0	0	0	0	0	0	0	0.35%	0.35%	None
	Representative: Huang Chiang-Huang	0	0	0	0	0	0	58	58	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Director	Lo Lai-Huang (Note 13)	0	0	0	0	391	391	0	0	0.08%	0.08%	7,874	7,927	10,060	10,060	0	0	0	0	3.97%	3.98%	None
Independent Director	Liu Wei-Ting	1,400	1,400	0	0	0	0	91	91	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	None
Independent Director	Chang Juu-En	1,400	1,400	0	0	0	0	79	79	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	None
Independent Director	Wu Te-Feng (Note 13)	355	355	0	0	0	0	17	17	0.08%	0.08%	0	0	0	0	0	0	0	0	0.08%	0.08%	None
Independent Director	Lin Yi-Chang (Note 14)	604	604	0	0	0	0	30	30	0.14%	0.14%	0	0	0	0	0	0	0	0	0.14%	0.14%	None

* Remuneration received by directors for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

2. Remuneration bracket table for directors (including independent directors)

Date: December 31, 2022

	Name of director			
	Total remuneration of the preceding four items (A+B+C+D)		Total remuneration of the preceding seven items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial reports (Note 9) H	The Company (Note 8)	All companies included in the financial reports (Note 11) I
Below \$1,000,000	Chen Chi-Wen, Hsu Ting-Chen, Lu Wei-Lun, Kan Chien-Fu, Jason C Kan, Huang Chiang-Huang, Lo Lai-Huang, Lian Wei-Chung, Wu Te-Feng, Lin Yi-Chang		Chen Chi-Wen, Hsu Ting-Chen, Lu Wei-Lun, Kan Chien-Fu, Jason C Kan, Huang Chiang-Huang, Lo Lai-Huang, Lian Wei-Chung, Wu Te-Feng, Lin Yi-Chang	
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Abraham Investment Co. Ltd., Ever Fortunes International Investment Co., Ltd, Four Season's Logistics Services Intl Corp., Yen Wen Asset Management Consulting Co., Liu Wei-Ting, Chang Juu -En		Abraham Investment Co., Ever Fortunes International Investment Co., Ltd, Four Season's Logistics Services Intl Corp., Yen Wen Asset Management Consulting Co., Liu Wei-Ting, Chang Juu -En	
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	None		None	
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	None		None	
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Ho Jau-Yang		Ho Jau-Yang, Lian Wei-Chung	
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	None		None	
NT\$15,000,000 or more	None		Lo Lai-Huang	
Total	17		17	

Note 1: Directors' names are presented separately (for juristic-person shareholders, the names of the juristic-person shareholders and their representatives are stated separately), and general directors and independent directors are presented separately, the amount of benefits and allowances disclosed in aggregate sums.

Note 2: Refers to remuneration to directors in the most recent fiscal year (including salaries, allowances, severance pay, various bonuses and incentives, etc.).

Note 3: Refers to the amount of directors' remuneration that the board of directors has approved for allocation in the most recent fiscal year.

Note 4: Refers to remuneration to directors for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the most recent fiscal year for assuming the role of a company employee (such as a president, vice president, managerial officer or other employee). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits. Part of the salary expense was recognized according to IFRS2 "Share-based Payment". Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 6: Refers to any remuneration that the director has received (in cash or in shares) in the last year for assuming the role of an employee (such as president, vice president, managerial officer or other employees). The amount of employee remuneration approved by the board of directors in the most recent fiscal year has been disclosed. Where the amount could not be estimated, the proportion of the actual amount allocated in the previous year is used as the basis for calculating the proposed amount allocated this year, and Table 1-3 shall also be filled in. The 2022 employee compensation of the Company has not been distributed yet, and this amount is proposed.

Note 7: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's directors.

Note 8: For the amount of remuneration paid by the Company to each director, the names of the directors are disclosed in the range they fall within.

Note 9: For the remuneration paid by the all companies (including the Company) to each director disclosed in the consolidated financial statements, the names of the directors are disclosed in the range they fall within.

Note 10: Net income refers to the net income in the parent company only financial reports or individual financial reports of the most recent fiscal year.

Note 11: a. This field represents all forms of remuneration that directors received from the Company's invested businesses other than subsidiaries (if none, please fill in "none").

b. For directors who received remuneration from invested businesses other than subsidiaries, the amounts of remuneration received from these invested businesses have been added to column I of the remuneration brackets table, and column I will be renamed "parent company and all invested businesses".

c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the Company's directors received for serving as director, supervisor or managerial officer in invested businesses other than subsidiaries.

Note 12: On March 11, 2022, the corporate director, Four Seasons's Logistic Services Int'l Corp., assigned Jason C Kan as the representative, and the original representative, Kan Chien-Fu, was dismissed; on April 11, 2022, the corporate director, Ever Fortunes International Investment Co., Ltd, assigned Hsu Ting-Chen as the representative, and the original representative, Lu Wei-Lun, was dismissed; on May 5, 2022, the corporate director, Ever Fortunes International Investment Co., Ltd, assigned Lian Wei-Chung as the representative, and the original representative, Hsu Ting-Chen, was dismissed; on May 5, 2022, the corporate director, Abraham Investment Co. Ltd, assigned Hsu Ting-Chen as its representative and the original representative, Chen Chi-Wen, was dismissed.

Note 13: Mr. Wu Te-Feng was elected as one of the Company's independent directors on December 29, 2021, at the first extraordinary shareholders' meeting of 2021, and resigned on March 31, 2022; Mr. Lo Lai-Huang resigned on June 13, 2022.

Note 14: Mr. Lin Yi-Chang was elected as one of the Company's independent directors on June 27, 2022, at the Company's 2022 general shareholders' meeting.

* The basis of remuneration disclosed above is different from the income basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

3. Remuneration to Presidents and Vice Presidents

Date: December 31, 2022; Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of net loss (%) (Note 8)		Remuneration from investees other than subsidiaries (Note 9)
		The Company	All companies included in the financial reports (Note 5)	The Company	All companies included in the financial reports (Note 5)	The Company	All companies included in the financial reports (Note 5)	The Company		All companies included in the financial reports (Note 5)		The Company	All companies included in the financial reports (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Lo Lai-Huang (Note 11)	11,921	12,204	10,384	10,384	19,202	19,202	1,165	0	1,165	0	9.23	9.30	None
Acting President	Lian Wei-Chung (Note 10)													
Vice President	Hung Yu-Li													
Vice President	Sheng Hai-Tien (Note 11)													

4. Range of Remuneration to Presidents and Vice Presidents

Date: December 31, 2021

Range of remuneration to the Company's presidents and vice presidents	Name of the president and vice president	
	The Company (Note 6)	All companies included in the financial reports (Note 7) E
Below \$1,000,000	None	None
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	None	None
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	None	None
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	None	None
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Lian Wei-Chung, Hung Yu-Li, Sheng Hai-Tien	Lian Wei-Chung, Hung Yu-Li, Sheng Hai-Tien
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	None	None
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	Lo Lai-Huang	Lo Lai-Huang
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000 or more	None	None
Total	3	3

Note 1: The names of the presidents and vice presidents are required to be presented separately; the amount of payments made may be presented in aggregate sums.

Note 2: Refers to salaries, allowances, and severance pay made to the presidents and vice presidents in the most recent fiscal year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the presidents and vice presidents in the most recent fiscal year. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits. Part of the salary expense was recognized according to IFRS2 "Share-based Payment". Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee remuneration provided for the presidents and vice presidents (in cash or in shares) which the board of directors has approved in the most recent fiscal year. Where the amount could not be estimated, the proportion of the actual amount allocated in the previous year is used as the basis for calculating the proposed amount allocated this year, and Table 1-3 shall also be filled in. The 2022 employee compensation of the Company has not been distributed yet, and this amount is proposed.

Note 5: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's presidents and vice presidents.

Note 6: For the remuneration paid by the Company to each president and vice president disclosed in the consolidated financial statements, the names of the presidents and vice presidents are disclosed in the range they fall within.

Note 7: For the remuneration paid by the all companies (including the Company) to each president and vice president disclosed in the consolidated financial statements, the names of the presidents and vice presidents are disclosed in the range they fall within.

Note 8: Net income refers to the net income in the parent company only financial reports or individual financial reports of the most recent fiscal year.

Note 9: a. This field represents all forms of remuneration that the presidents and vice presidents received from the Company's invested businesses other than subsidiaries (if none, please fill in "none").

b. For presidents and vice presidents who received remuneration from invested businesses other than subsidiaries, the amounts of remuneration from these invested businesses have been added to column E of the remuneration brackets table, and Column E will be renamed "parent company and all invested businesses". c. Remuneration refers to any returns, remuneration (including remunerations received as an employee, director and supervisor) and professional service fees which the Company's presidents and vice presidents received for serving as director, supervisor, or managerial officer in invested businesses other than subsidiaries.

Note 10: On June 22, 2022, the Board of Directors resolved to appoint Executive Vice President Lian Wei-Chung as the Acting President.

Note 11: President Lo Lai-Huang resigned on June 13, 2022; Vice President Sheng Hai-Tien retired on April 30, 2023.

5. The names of managers with employee remuneration and the distribution situation in the most recent year:

Names of managers with employee remuneration and distribution situation

May 10, 2023

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total remuneration to net income after tax (%)
Managerial officers	Acting President	Lian Wei- Chung	0	1,492	1,492	0.32
	Vice President	Hung Yu-Li				
	Vice President	Sheng Hai-Tien (Note 4)				
	Assistant Manager	Lu Chih-Hai				
	Assistant Manager	Kuo Chao-Hui				
	Director (Chief Financial Accounting Officer)	Huang Pei- Ming				
	Manager (Chief Corporate Governance Officer)	Ma Shao-Heng				

Note 1: Individual names and titles shall be disclosed, but remuneration distribution may be disclosed in an aggregate manner.

Note 2: Represents the amount of employee remuneration provided to the managers (in cash or in shares) which the Board of Directors has approved in the most recent fiscal year. Where the amount could not be estimated, the proportion of the actual amount allocated in the previous year is used as the basis for calculating the proposed amount allocated this year. Net income after tax refers to the net income after tax for the most recent year; if IFRS has been adopted, net income after tax refers to the net income after tax as in the parent company only or individual financial report for the most recent year.

Note 3: The scope of application for managers is stipulated in the commission's official letter, referenced Tai-Cai-Zheng-III-Zi No. 0920001301 dated March 27, 2003, and the scope is as follows:

President or equivalent

Vice president or equivalent

Assistant manager or equivalent

Head of the finance department

Head of accounting department

Others who have the right to manage the company's affairs and sign on behalf of the company

Note 4: Vice President Sheng Hai-Tien retired on April 30, 2023.

Note 5: The employee compensation has not been distributed yet, and this amount is proposed.

(II) Analysis of amount of remuneration paid in the most recent 2 fiscal years by the Company and all companies included in the consolidated financial statements to the Company’s directors (including independent directors), presidents, and vice presidents, and their respective proportions to net income after tax, description of remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. The rates of increase in the total amount of remuneration paid to directors by the Company in the past two years (2020–2021) are as follows:

Title	Total remuneration as a percentage of net income as paid by the Company, during the past two fiscal years								Increase and decrease percentage	
	2021				2022					
	The Company		All companies included in the financial reports		The Company		All companies included in the financial reports		The Company (%)	All companies included in the financial reports (%)
	Total remuneration	(%)	Total remuneration	(%)	Total remuneration	(%)	Total remuneration	(%)		
Director	22,951	3.01	22,951	3.01	46,264	10.01	46,317	10.02	101.58	101.81
President and Vice president	24,415	3.20	24,639	3.23	42,672	9.23	42,955	9.30	74.78	74.34

2. remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

The remuneration standard is based on future economic change, team performance, and contribution.

- (1) The remuneration of directors, president and vice presidents of the Company is issued by the board of directors in accordance with the authorization of the Company's Articles of Association which also link to responsibilities and performance results, retain and cultivate talents, continuous education and other contribution value.
- (2) According to the Company’s “Regulations Governing the Board Performance Evaluation”, performance evaluations of the board will be conducted every year and the report will be submitted to board of directors which will be the reference for review, improvement, and basis for remuneration standard.
- (3) The company also review the remuneration system in a timely manner, in order to achieve a balance between the company's sustainable operation and risk control.

IV. The state of corporate governance:

(I) The state of operations of the board of directors and shareholders' meeting:

- (1) A by-election for directors was held on the special meeting of shareholders held on April 30, 2021; the term of office for directors runs from April 30, 2021 to April 29, 2024.
- (2) The Company adopts a "candidate nomination system" for the election of directors. All candidates for the election of directors must be nominated and their qualifications reviewed by the board of directors and then submitted to the shareholders' meeting. According to "Corporate Governance Best-Practice Principles", the composition of the board of directors must take consideration of diversity, and formulate appropriate diverse guidelines based on its operation, business model and development needs, which include 8 indicators: management, Technology R&D, international, Sales marketing, accounting finance, legal, supervisor, and ESG focus. The industry experience and professional discipline of the Company's eight directors encompass all 8 indicators; in particular, 12.5%, 25%, 37.5, and 25% of the directors satisfy 5, 4, 3, and 2 indicators, respectively.
Company directors and independent directors who are also employees account for 12.5% and 37.5%, respectively. 1 director falls in the 40-50 years old age group, 4 fall in the 50-60 years old age group, 1 falls in the 60-70 years old age group, and 2 fall in the 70-80 years old age group.
- (3) From 2022 up to the date of publication of the annual report in 2023, the board of directors held a total of 17 meetings (A: 13 meetings in 2022 and 4 in 2023 up to the date of publication of the annual report). The attendance of directors and presidents is as follows:

Title	Name (Note 1)	Actual Attendance (B)	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remark
Chairperson	Ho Jau-Yang	17	0	100	
Director	Lo Lai-Huang	6	0	100	Resigned on June 13, 2022. (a number of 6 meetings shall be attended)
Corporate Director	Abraham Investment Co., Ltd Representative: Chen Chi-Wen	4	0	100	Relieved of post after the appointment of representative on May 5, 2022. (a number of 4 meetings shall be attended)
Corporate Director	Abraham Investment Co., Ltd Representative: Hsu Ting-Chen	2	0	18.2	Assumed duty after the appointment of representative on May 5, 2022; dismissed after a new representative was appointed on March 13, 2023. (a number of 11 meetings shall be attended)
Corporate Director	Abraham Investment Co., Ltd Representative: Sung Yen-Yi	2	0	100	Assumed duty after the appointment of representative on March 13, 2023. (a number of 2 meetings shall be attended)
Corporate Director	Ever Fortunes International Investment Co., Ltd: Lu Wei-Lun	2	0	100	Relieved of post after the appointment of representative on April 11, 2022. (a number of 2 meetings shall be attended)
Corporate Director	Ever Fortunes International Investment Co., Ltd: Hsu Ting-Chen	2	0	100	Assumed duty after the appointment of representative on April 11, 2022; dismissed after a new representative was appointed on May 5, 2022. (a number of 2 meetings shall be attended)
Corporate Director	Ever Fortunes International Investment Co., Ltd: Lian Wei-Chung	13	0	100	Assumed duty after the appointment of a representative on May 5, 2022. (a number of 13 meetings shall be attended)
Corporate Director	Four Season's Logistics Services Intl Corp. Representative: Kan Chien-Fu	0	1	0	Relieved of post after the appointment of representative on March 11, 2022. (a number of 1 meeting shall be attended)
Corporate Director	Four Season's Logistics Services Intl Corp. Representative: Jason C Kan	14	2	87.5	Assumed duty after the appointment of representative on March 11, 2022. (a number of 16 meetings shall be attended)
Corporate Director	Yen Wen Asset Management Consulting Co. Representative: Huang Chiang-Huang	15	2	88.2	

Independent Director	Liu Wei-Ting	16	1	94.1	
Independent Director	Chang Juu-En	17	0	100	
Independent Director	Wu Te-Feng	2	0	100	Elected in the by-election on December 29, 2021; resigned on March 31, 2022. (a number of 2 meetings shall be attended)
Independent Director	Lin Yi-Chang	10	0	100	Elected in the by-election on June 27, 2022. (a number of 10 meetings shall be attended)
President	Lo Lai-Huang	6	0	100	Resigned on June 13, 2022. (a number of 6 meetings shall be attended)
Acting President	Lian Wei-Chung	11	0	100	Took office as the acting president on June 22, 2022. (a number of 11 meetings shall be attended)

Other information required:

- I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the Company has responded to such opinions:
- Matters listed in Article 14-3 of the Securities and Exchange Act: During 2022 and during the current fiscal year up to the date of publication of the annual report, the Company held a total of 17 board meetings. Contents of the resolutions are as set out on pages 54–58 of the annual report, and matters listed in Article 14-3 were approved by all independent directors without dissenting opinions.
 - Any other documented objections or qualified opinions raised by independent directors against board resolutions in relation to matters other than those described above: Please refer to pages 54–58 of the annual report.
- II. For the implementation and state of directors' recusal for conflicts of interests, the directors' name, topic discussed, reasons for the required recusal, and participation in the voting process.

Date of Board Meeting	Name of director	Motion Content	Reason for Recusal Due to Conflict of Interest	Participation in the voting process
2022.2.17 8th term - 12th meeting	Independent director Wu Te-Feng	Motion 8: Motion for appointing members of the 6th Remuneration Committee.	As director Wu Te-Feng was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting
2022-3-16 8th term - 13th meeting	Director Huang Chiang-Huang	Motion 10: Motion for removing the non-compete clause for representatives of juristic person directors.	As director Huang Chiang-Huang was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting
2022-3-16 8th term - 13th meeting	Director Lo Lai-Huang	Motion 14: Passed the motion for the finalized number of shares allotted for the third issuance of restricted stock awards in 2021.	As director Lo Lai-Huang was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting
2022-3-16 8th term - 13th meeting	Chairperson Ho Jau-Yang; directors Lo Lai-Huang, Lu Wei-Lun, Chen Chi-Wen, Jason C Kan, and Huang Chiang-Huang	Motion 15: Passed the motion for the 2022 directors' remuneration.	As chairperson Ho Jau-Yang and directors Lo Lai-Huang, Lu Wei-Lun, Chen Chi-Wen, Jason C Kan, and Huang Chiang-Huang were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
2022-3-16 8th term - 13th meeting	Independent directors Liu Wei-Ting, Chang Juu-En, and Wu Te-Feng	Motion 16: Passed the motion for the 2022 independent directors' and functional committee members' remuneration.	As independent directors Liu Wei-Ting, Chang Juu-En, and Wu Te-Feng were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
2022-8-4 8th term - 19th meeting	Independent Director Lin Yi-Chang	Motion 6: Motion for appointing members of the 6th Remuneration Committee.	As independent director Lin Yi-Chang was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting
2022-8-4 8th term - 19th meeting	Chairperson Ho Jau-Yang, Director Lian Wei-Chung, Director Jason C Kan, and Director Huang Chiang-Huang	Motion 7: Distribution of 2021 directors' remuneration.	As chairperson Ho Jau-Yang and directors Lian Wei-Chung, Jason C Kan, and Huang Chiang-Huang were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
2022-8-4 8th term - 19th meeting	Director Lian Wei-Chung	Motion 9: Motion for ratifying bonuses for insiders.	As director Lian Wei-Chung was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting
2022-12-30 8th term - 24th meeting	Chairperson Ho Jau-Yang, Director Lian Wei-Chung, Independent directors Liu Wei-Ting, Chang Juu-En, and Lin Yi-Chang	Motion 5: Establishment of the "Sustainable Development Committee" and formulation of the "Organizational Charter of the Sustainable Development Committee".	As Chairperson Ho Jau-Yang, Director Lian Wei-Chung, independent directors Liu Wei-Ting, Chang Juu-En, and Lin Yi-Chang were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
2023-1-16 8th term - 25th meeting	Director Lian Wei-Chung	Motion 6: Motion for ratifying bonuses for insiders.	As director Lian Wei-Chung was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting

2023-1-16 8th term - 25th meeting	Director Lian Wei-Chung	Motion 7: To approve the 2022 annual performance bonus for the staff.	As director Lian Wei-Chung was a stakeholder in this motion, he temporarily recused himself due to a conflict of interest.	Did not participate in voting
2023-1-16 8th term - 25th meeting	Chairperson Ho Jau-Yang, Director Lian Wei-Chung, Director Jason C Kan and Director Huang Chiang-Huang	Motion 8: To approve the 2023 directors' remuneration proposal.	As chairperson Ho Jau-Yang, and directors Lian Wei-Chung, Jason C Kan, and Huang Chiang-Huang were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
2023-1-16 8th term - 25th meeting	Independent directors Liu Wei-Ting, Chang Juu-En, and Lin Yi-Chang	Motion 9: Passed the motion for the 2023 independent directors' and functional committee members' remuneration.	As independent directors Liu Wei-Ting, Chang Juu-En, and Lin Yi-Chang were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
2023-3-13 8th term - 27th meeting	Chairperson Ho Jau-Yang, Director Lian Wei-Chung, Director Sung Yen-Yi, Director Jason C Kan, and Director Huang Chiang-Huang	Motion 1: Distribution of 2022 directors' remuneration.	As chairperson Ho Jau-Yang and directors Lian Wei-Chung, Sung Yen-Yi, Jason C Kan, and Huang Chiang-Huang were stakeholders in this motion, they temporarily recused themselves due to a conflict of interest.	Did not participate in voting
<p>III. TWSE/TPEX Listed Companies should disclose information including the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation and the following evaluation table for the evaluation of the board of directors shall be filled in.</p> <p>IV. Measures the objectives to strengthen the functionality of the board of directors (e.g., establish an audit committee, enhance information transparency) and execution status in the current year and the most recent year.</p> <ol style="list-style-type: none"> 1. In order to comply with the spirit of corporate governance, the Company established an audit committee on October 8, 2010. The Company exercises the functions prescribed in the Securities and Exchange Act, the Company Act and other laws and regulations. For the state of the audit committee, please refer to pages 27-28 of the annual report. 2. The Company established a remuneration committee on April 26, 2011. The committee assists the board of directors and regularly evaluates and sets the remuneration to directors and managerial officers, while also reviewing the policy, system, criteria and structure of remuneration to directors and managerial officers. For the state of the remuneration committee, please refer to pages 41-42 of the annual report. 3. Other than professional competency each year, members of the board continue to select courses covering topics associated with corporate governance including finance, risk management, business, commerce, legal affairs, accounting, and CSR, or courses associated with internal control system and financial reporting responsibilities to improve the awareness and implementation of corporate governance. For members of the board's continuing education and annual self-review, please refer to pages 25 and 37-38 of the annual report. 				

(3) Evaluation of the board of directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	Evaluated and self-reviewed the performance of the board of directors and the directors from January 1, 2022 to December 31, 2022.	Performance evaluation of the board of directors, individual board members and functional committee	Internal self-review of the board, self-assessment of board members	<p>(1) Performance evaluation of the board: Should include participation in the operation of the Company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control.</p> <p>(2) Performance evaluation of the board members: alignment of the goals and missions of the Company; awareness of the duties of a director; participation in the operation of the Company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.</p> <p>(3) Performance evaluation of the functional committee: participation in the operation of the Company; awareness of the duties of the functional committee quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.</p>

According to the Company's "Regulations Governing the Board Performance Evaluation", performance evaluations of the board, each board member and the functional committee are performed prior to the beginning of Q1 each year. The Company will report the 2022 evaluation results and improvements at the board meeting on March 13, 2023.

(II) The state of the audit committee:

1. There are 3 members on the Company's Audit Committee; one independent director was elected at the shareholders' meeting on June 27, 2022 to fill the vacancy in the Audit Committee.
2. Term of office of the current members:
The Company's 6th audit committee members run from April 20 2021 to April 29, 2024.
3. During the most recent year, a total of 12 audit committee meetings were held (A: 8 meetings in 2022 and 4 in 2023 up to the date of publication of the annual report). The attendance of independent directors is as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance rate (%) (B/A) (Note)	Remark
Independent Director	Liu Wei-Ting	12	0	100	
Independent Director	Chang Juu-En	12	0	100	
Independent Director	Wu Te-Feng	2	0	100	Elected in the by-election on December 29, 2021; resigned on March 31, 2022. (Note: The total number of meetings to be attended is 2)
Independent Director	Lin Yi-Chang	9	0	100	Elected in the by-election on June 27, 2022. (Note: The total number of meetings to be attended is 9)

Other information required:

- I. For Audit Committee meetings that meet any of the following descriptions, state the date and meeting of board of directors meeting held, the discussed topics, the audit committee's resolution, and how the Company has responded to audit committee's opinions:
 1. Matters listed in Article 14-5 of the Securities and Exchange Act: During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the Company held a total of 12 audit committee meetings. Resolutions are as follows, and matters listed in Article 14-5 were approved by all independent directors without dissenting opinions.
 2. Other than those described above, any resolutions not approved by the audit committee but passed by more than two-thirds of directors: None.
- II. For the implementation and state of independent directors' recusal for conflicts of interests, the independent directors' name, topic discussed, reasons for the required recusal, and participation in the voting process: None.
- III. State of communication between independent directors, chief internal auditor and CPA (such as significant items, methods and results of communications on the Company's finances and business status):
 - (1) Prepare a "Summary of Audit Report" each month and submit it to each audit committee member for review along with a copy of the audit report.
 - (2) After members of the audit committee have read the copy of the audit report and have a question or instruction, they will call the chief internal auditor for inquiries or instructions.
 - (3) 3 months after each audit report has been submitted, internal control deficiencies and irregularities must be followed up for improvement and the results compiled and submitted to each member of the audit committee.
 - (4) The chief internal auditor must attend the audit committee meeting to report audit matters as required by the regulations.
 - (5) There are multiple smooth communication channels for the Company's chief internal auditor and audit committee.
 - (6) Each year, the Company's CPAs report the audit result of the financial statements for the year at the audit committee and board meetings to review the annual financial statements, as well as to discuss matters as required by other applicable laws and regulations. The Company's audit committee members have sound communication with the CPAs.
 - (7) In summary, independent directors can get hold of the Company's operating conditions (including its financial and business conditions) and audit results through the audit report provided periodically by the board and audit committee as well as the audit unit. They can also engage in communication with the accountants through various reports and channels (e.g., telephones, email).

The summary of the communication between the independent directors and the chief internal auditor in 2022 is as follows:

Date	Communication Matters	Communication Result
2022-3-16	1. Motion for the 2021 business report and financial	The Audit Committee approved after

	statements 2. CPAs' independence report 3. Important matters and key checks on communication with governance units	discussion with all members present.
2022-5-5	1. 2022 Q1 financial statements 2. Important matters on communication with governance units	The Audit Committee approved after discussion with all members present.
2022-8-4	1. 2022 Q2 financial statements 2. Important matters on communication with governance units	The Audit Committee approved after discussion with all members present.
2022-11-10	1. 2022 Q3 financial statements 2. Important matters on communication with governance units	The Audit Committee approved after discussion with all members present.

4. Major resolutions of an audit committee meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report are as follows:

Audit Committee Meeting Date	Motion Content	Resolution Result	How the Company has Responded to Audit Committee's Opinions:
February 17, 2022	<ol style="list-style-type: none"> 1. Motion for amendments to the Ethical Corporate Management Best Practice Principles. 2. Motion for amendments to the Procedures for Ethical Management and Guidelines for Conduct. 3. Motion for evaluation of independence and appropriateness of the Company's CPAs 4. Passed the motion for appointment of the 2022 CPAs. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
March 16, 2022	<ol style="list-style-type: none"> 1. Motion for the 2021 business report and financial statements. 2. Motion for 2021 earnings distribution. 3. Motion for cash payout from capital reserve. 4. Motion for amendments to the "Procedures for Acquisition or Disposal of Assets". 5. Motion for 2022 CPA fees. 6. Motion for applying to financial institutions for tariff guarantees and derivatives facilities. 7. Motion for the 2021 Effective Inspection of the Internal Control System and the Declaration of Internal Control. Provisional motion: <ol style="list-style-type: none"> 1. Motion for establishing an equity transaction oversight committee. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
May 5, 2022	<ol style="list-style-type: none"> 1. Passed the motion for the Company's consolidated financial statements for 2022 Q1. 2. Motion for applying to financial institutions for commercial paper guarantee and derivatives facilities. Provisional motion: <ol style="list-style-type: none"> 1. Kunshan Hengmei Optoelectronics Co. technology licensing fee. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
August 4, 2022	<ol style="list-style-type: none"> 1. Passed the motion for the Company's consolidated financial statements for 2022 Q2. 2. Termination of the Company's listing of GDRs on the Singapore Exchange. 3. Motion for applying to financial institutions for credit lines and derivatives facilities. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
October 17, 2022	<ol style="list-style-type: none"> 1. Motion for the change of the chief accounting officer and chief financial officer. 2. Motion for amendments to the "internal control system". 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present

	<ol style="list-style-type: none"> 3. Motion for applying to financial institutions for credit lines and derivatives facilities. 4. Application for derivative credits from financial institutions on behalf of CMMT (Samoa), the Company's subsidiary. 5. Motion to pursue endorsements/guarantees made by the Company on behalf of subsidiary "CMMT (Samoa)". 		
November 3, 2022	<ol style="list-style-type: none"> 1. Proposal for the Company to participate in the cash capital increase of RealD Spark LLC, a U.S. company. 2. Amendment of the "Procedures for the Acquisition or Disposal of Assets" on behalf of CMMT (Samoa), the Company's subsidiary. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
November 10, 2022	<ol style="list-style-type: none"> 1. Passed the motion for the Company's consolidated financial statements for 2022 Q3. 2. Motion for first half of 2022 earnings distribution. 3. The Company's proposal of cash capital reduction. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
December 30, 2022	<ol style="list-style-type: none"> 1. Passed the motion for the 2023 Audit Plan. 2. Motion for termination of loans to the Company from the wholly-owned sub-subsidiary "Mao Fong Group Co., Ltd.". 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
January 16, 2023	<ol style="list-style-type: none"> 1. Motion for evaluation of independence and appropriateness of the Company's CPAs 2. Passed the motion for appointment of the 2023 CPAs and CPA fees. 3. Motion for amendments to the "Audit Committee Charter". 4. Proposal to engage appoint PwC Taiwan for sustainability report consulting service. 5. Motion to ratify the application to financial institutions for derivatives facilities. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
February 13, 2023	<ol style="list-style-type: none"> 1. Motion for the 2022 business report and financial statements. 2. Motion for 2022 earnings distribution. 3. Motion for cash payout from capital reserve. 4. Motion for the 2022 Effective Inspection of the Internal Control System and the Declaration of Internal Control. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
March 13, 2023	<ol style="list-style-type: none"> 1. The proposed pre-approval of non-assurance services of transfer pricing provided to the Company and its subsidiaries by certified public accountants, their firms and firm affiliates is presented for discussion. 2. Motion to apply to financial institutions for derivatives facilities. 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present
May 8, 2023	<ol style="list-style-type: none"> 1. Passed the motion for the Company's consolidated financial statements for 2023 Q1. 2. Application to financial institutions for credit lines and guarantee of issuing commercial promissory notes and derivatives lines. Revise the case of "Management Measures for Financial and Accounting Business Authorization Authority". 	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present

5. Supervisors participating in the operation of the board of directors: Not applicable as the Company established the audit committee since October 8, 2010.

(III) The state of the Company’s implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

Evaluation Item	State of Operation			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		In accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, the Company established its Corporate Governance Best-Practice Principles on May 12, 2011, which was amended after a resolution was adopted by the Board of Directors on February 17, 2022, with disclosure announced on the Company’s website and MOPS.	No material deviation
II. Equity structure and shareholders’ equity				No material deviation
(I) Has the Company established internal procedures to handle shareholders’ suggestions, doubts, disputes, and litigation matters; and have the procedures been implemented accordingly?	V		(I) The Company has set up the “Whistleblower Reporting and Protection Procedures” to handle matters concerning shareholders’ rights and interests as well as disputes. Moreover, the Company has also set up a shareholder service unit to provide shareholder services, as well as a legal affairs unit to handle disputes and litigation matters in accordance with applicable procedures.	No material deviation
(II) Does the Company possess the list of the Company’s principal shareholders and the list of the ultimate controllers of the major shareholders?	V		(II) Yes. The Company regularly keeps abreast of the list of the Company’s principal shareholders and the list of the ultimate controllers of the major shareholders.	No material deviation
(III) Does the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(III) The Company has established the “Procedure for Transactions between Enterprise Groups, Specified Companies and Related Parties” to govern the Company’s financial and business transactions between enterprise groups, specified companies and related parties to safeguard the Company’s interests, while protecting its shareholders.	No material deviation
(IV) Does the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		(IV) The Company has formulated the CMMT Procedures for Handling Material Inside Information to prohibit Company insiders, such as directors or employees, from trading securities using information that has not yet been disclosed on the market to gain illegal profit. At least once a year, the Company conducts education and training on insider trading related laws and regulations for current insiders and employees, and arranges training for new insiders within three months of assuming office. The Company also reminds directors and insiders not to trade their shares during the closed period 30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement to avoid inadvertent violation of the regulations. Relevant course materials are placed on the Company’s internal website for relevant employees to refer to at any time, to duly increase their awareness of insider trading prevention. The responsible unit regularly tracks and examines the test results of new insiders and all employees to actively promote the values of insider trading prevention, integrity, and ethics, thereby	No material deviation

			<p>strengthening corporate governance and risk control and establishing a corporate culture of integrity to improve operations. In 2022, the Company offered education and training to a total of 583 incumbent directors, managers, and employees. The implementation of education and training on relevant laws and regulations in 2022 is as follows:</p> <table border="1" data-bbox="1077 320 1839 1027"> <thead> <tr> <th data-bbox="1077 320 1223 443">Date</th> <th data-bbox="1223 320 1429 443">Target</th> <th data-bbox="1429 320 1637 443">Course/Session</th> <th data-bbox="1637 320 1749 443">Number of people</th> <th data-bbox="1749 320 1839 443">Total Hour</th> </tr> </thead> <tbody> <tr> <td data-bbox="1077 443 1223 624">October 5, 2022 October 19, 2022</td> <td data-bbox="1223 443 1429 624">Colleagues of corporate governance dedicated units</td> <td data-bbox="1429 443 1637 624">2022 Insider Equity Transaction Compliance Seminar</td> <td data-bbox="1637 443 1749 624">2</td> <td data-bbox="1749 443 1839 624">6 hours</td> </tr> <tr> <td data-bbox="1077 624 1223 778">October 21, 2022</td> <td data-bbox="1223 624 1429 778">All employees</td> <td data-bbox="1429 624 1637 778">Internal material information handling procedures</td> <td data-bbox="1637 624 1749 778">544</td> <td data-bbox="1749 624 1839 778">-</td> </tr> <tr> <td data-bbox="1077 778 1223 933">October 24, 2022</td> <td data-bbox="1223 778 1429 933">Senior executives</td> <td data-bbox="1429 778 1637 933">Concept and Case Studies of Insider Trading (II)</td> <td data-bbox="1637 778 1749 933">22</td> <td data-bbox="1749 778 1839 933">25 hours</td> </tr> <tr> <td data-bbox="1077 933 1223 1027">November 3, 2022</td> <td data-bbox="1223 933 1429 1027">Directors and senior executives</td> <td data-bbox="1429 933 1637 1027">Business Secrets Case Study</td> <td data-bbox="1637 933 1749 1027">15</td> <td data-bbox="1749 933 1839 1027">45 hours</td> </tr> </tbody> </table>	Date	Target	Course/Session	Number of people	Total Hour	October 5, 2022 October 19, 2022	Colleagues of corporate governance dedicated units	2022 Insider Equity Transaction Compliance Seminar	2	6 hours	October 21, 2022	All employees	Internal material information handling procedures	544	-	October 24, 2022	Senior executives	Concept and Case Studies of Insider Trading (II)	22	25 hours	November 3, 2022	Directors and senior executives	Business Secrets Case Study	15	45 hours	
Date	Target	Course/Session	Number of people	Total Hour																									
October 5, 2022 October 19, 2022	Colleagues of corporate governance dedicated units	2022 Insider Equity Transaction Compliance Seminar	2	6 hours																									
October 21, 2022	All employees	Internal material information handling procedures	544	-																									
October 24, 2022	Senior executives	Concept and Case Studies of Insider Trading (II)	22	25 hours																									
November 3, 2022	Directors and senior executives	Business Secrets Case Study	15	45 hours																									
<p>III. The Composition and Duties of the Board of Directors (I) Has the Board of Directors formulated a diversity policy and specific management goals and implemented them accordingly?</p>	V~		<p>(I) The Company's Corporate Governance Best-Practice Principles state that the composition of the board should take diversification into consideration. Hence the number of directors who concurrently serve as managers of the Company shall not exceed one-third of the number of directors, and suitable diversification guidelines have been drawn up for board operations, business models, and development requirements. The criteria should include, but are not limited to, the following two major aspects: I. Basic requirements and values: Gender, age, nationality, and culture. II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills and industry experience. The Company's board diversification guidelines offer 8 indicators based on industry experience and professional discipline: business</p>	No material deviation																									

<p>(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p> <p>(III) Has the Company established the Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the Company perform a regular performance evaluation each year and submit the results of performance evaluations to the board of directors and use them as reference in determining compensation for individual directors, their nomination, and additional office terms?</p>	<p>V</p> <p>V</p>	<p>management, technical R&D, internationalization, marketing, accounting and finance, law, corporate governance, and environmental technology. The industry experience and professional discipline of the Company's eight directors encompass all 8 indicators; in particular, 12.5%, 25%, 37.5%, and 25% of the directors satisfy 5, 4, 3, and 2 indicators, respectively.</p> <p>Company directors and independent directors who are also employees account for 12.5% and 37.5%, respectively. 1 director falls in the 40-50 years old age group, 4 fall in the 50-60 years old age group, 1 falls in the 60-70 years old age group, and 2 fall in the 70-80 years old age group.</p> <p>The Company's specific management objectives of its diversity policy and status of achievement: The Company's specific management objectives of its diversity policy and status of achievement:</p> <table border="1" data-bbox="1144 568 1834 716"> <thead> <tr> <th>Management objective</th> <th>Achievement</th> </tr> </thead> <tbody> <tr> <td>More than 2 independent directors</td> <td>Achieved</td> </tr> <tr> <td>Less than one-third of directors concurrently serve as managerial officers</td> <td>Achieved</td> </tr> <tr> <td>At least one female director (Note)</td> <td>Achieved</td> </tr> </tbody> </table> <p>Note: On March 13, 2023, Abraham Investment Co. assigned Ms. Sung Yen-Yi as its representative as a corporate director</p> <p>(II) Apart from the Remuneration Committee and Audit Committee, the Company established the Sustainable Development Committee upon approval by the Board of Directors on December 30, 2022. The convenors of the three aforementioned committees are independent directors.</p> <p>(III) The Company passed the formulation of the Regulations Governing the Board Performance Evaluation on January 29, 2021. At least one internal performance evaluation is performed each year and the result is reported to the board of directors to be used as a reference for directors' remuneration and candidate nomination.</p> <p>The scope of the overall performance evaluation of the board of directors of the Company covers the following 5 aspects, with a total of 45 items evaluated:</p> <p>I. Participation in the operation of the Company. II. Improvement of the quality of the board of directors' decision making. III. Composition and structure of the board of directors. IV. Election and continuing education of the directors. V. Internal control.</p> <p>The scope of the self-performance evaluation of the Company's board members covers the following 6 aspects, with a total of 23 items evaluated:</p> <p>I. Their grasp of the Company's goals and missions. II. Their recognition of duties of the functional committee.</p>	Management objective	Achievement	More than 2 independent directors	Achieved	Less than one-third of directors concurrently serve as managerial officers	Achieved	At least one female director (Note)	Achieved	<p>No material deviation</p> <p>No material deviation</p>
Management objective	Achievement										
More than 2 independent directors	Achieved										
Less than one-third of directors concurrently serve as managerial officers	Achieved										
At least one female director (Note)	Achieved										

<p>(IV) Is an external auditor's independence assessed by the Company on a regular basis?</p>	<p>V</p>	<p>III. Participation in the operation of the Company; IV. Their management of internal relationships and communication. V. Their management of internal relationships and communication. VI. Internal control. The scope of the performance evaluation of the Company's functional committee covers the following 5 aspects, with a total of 26 items evaluated: I. Participation in the operation of the Company. II. Their recognition of the duties of the functional committee. III. Improvement in the quality of decision making by the functional committee. IV. The composition of the functional committee, and election and appointment of committee members. V. Internal control. The performance evaluation stated above was carried out and compiled by members of the board, members of the functional committee, and the stock affairs office before the end of 2023 Q1. The evaluation was conducted using an internal questionnaire. The result of the director performance evaluation stated above is provided to directors and is used as a reference basis for determining their remuneration as well as for nominating directors or selecting remuneration committee members. The overall performance evaluation results for the 2022 Board of Directors was excellent, and the board was able to perform its functions properly. It scored an average of 4.7 out of 5. The performance evaluation result for the functional committee is excellent and that it is able to perform functions properly. It scored an average of 4.9 out of 5. The members on the board in 2022 did not make any other suggestions. The aforementioned evaluation results were submitted to the board meeting held on March 13, 2023.</p> <p>(IV) The Audit Committee of the Company evaluates the professionalism and independence of the CPAs once a year and then submits the evaluation results to the Board of Directors. The latest evaluation was discussed and approved by the Audit Committee on January 16, 2023, and was submitted for approval by the Board of Directors on January 16, 2023. I. The evaluation items for the independence of CPAs are as follows: 1. Whether the CPA has a direct or significant indirect financial interest relationship with the Company. 2. Whether the CPA engages in any financing or guarantee for the Company or its directors. 3. Whether the CPA has a close business relationship and potential employment relationship with the Company. 4. Whether the CPA or their audit team members have served as directors, supervisors, or managers at the Company or held a position with a significant influence on the Company's audit case currently or</p>	<p>No material deviation</p>
---	----------	---	------------------------------

		<p>within the last two years.</p> <p>5. Whether the CPA has provided the Company with non-audit services that may directly affect the audit work.</p> <p>6. Whether the CPA has served as a broker for the shares or other securities issued by the Company.</p> <p>7. Whether the CPA has acted as the Company's defender or represented the Company in coordinating conflicts with other third parties.</p> <p>8. Whether the CPA is a relative of any director or manager of the Company or a person with a significant influence on the audit work.</p> <p>II. Whether the independence and suitability of the certified public accountants are assessed based on audit quality indicators (AQIs): Yes.</p> <p>Based on the AQIs indicator information, it is confirmed that the audit experience, training hours, and the proportion of audit personnel in the professional audit department of the certified public accountant are all better than the industry average; In order to improve audit quality, the firm is continuously committed to digital transformation work and has established digital strategies and goals to import relevant system tools.</p> <p>Evaluation result: The CPAs have passed the Company's independent evaluation criteria.</p>	
IV. Is the Company a TWSE/TPEx listed company, and has the Company designated an appropriate number of personnel that specialize (or are involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assisting directors and supervisors in complying with laws and regulations to perform their duties, convene board meetings and shareholders meetings, prepare board meeting and shareholders meeting minutes, etc.)?	V~	As per Article 3-1 of the Company's Corporate Governance Best-Practice Principles, the Company has designated the Service Office as the unit in charge of corporate governance affairs and has staffed it with qualified and an appropriate number of corporate governance personnel. As per the regulations on the appointment of the corporate governance executive, the Board of Directors has passed a resolution to appoint Lian Wei-Chung, Vice President and CFO, as the chief corporate governance officer to protect shareholders' rights and interests and reinforce the board's functions. He has held managerial positions in charge of the legal affairs, stock affairs, and corporate governance at publicly listed companies for more than three years. He is mainly responsible for business registration and matters associated with the convening of board meetings, meetings of the Audit Committee and the Remuneration Committee, and shareholders' meetings, while assisting board members with taking office and continuing education, providing assistance to directors with compliance, and handling matters related to investor relations, to improve the effectiveness of corporate governance comprehensively. The implementation of corporate governance has been reported to the Company's Board of Directors on March 16, 2022, and will be reported to the Board of Directors regularly every year.	No material deviation
V. Has the Company established mechanisms for communicating with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and a stakeholder site on the Company website to appropriately respond to material CSR topics stakeholders are concerned about?	V~	The Company has established communication channels with its stakeholders and responds accordingly to its stakeholders regarding important issues of their concern. There is a section on the Company's website (www.cmmt.com.tw) dedicated to stakeholders. The website contains information on the major contact persons and communication channels: Spokesperson: Huang Pei-Ming, Acting spokesperson: Ma Shao-Heng; contact number: 06-5889988; and email: cmmt_ir@cmmt.com.tw. Please contact the contact persons for	No material deviation

			detailed contact information.	
VI. Has the Company appointed a professional shareholder services agent to process the affairs related to shareholders' meetings?	V		The Company has appointed a professional shareholders service agent to process the affairs related to shareholders' meetings: Stock Transfer Agency Department, Capital Securities Corp.	No material deviation
VII. Information disclosure (I) Does the Company have a website set up and disclosed financial business and corporate governance information? (II) Has the company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (III) (III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline.	V V V		(I) The Company discloses its financial and corporate governance information on the website (www.cmmt.com.tw). (II) The Company has an official website in English to disclose financial, business, and corporate governance information. The Company has established a spokesperson, and a stock affairs department responsible to disclose relevant information in accordance with the regulations. The Company's website also discloses relevant information on the investor conference. (III) The Company announces its financial report within 3 months after the end of an accounting year and publishes its operational information on time.	No material deviation
VIII. Is there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education for directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		Please see page 35~43 of this annual report.	
<p>*IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:</p> <p>According to the results of the Ninth Corporate Governance Assessment released by the Corporate Governance Center of Taiwan Stock Exchange Corporation, the Company listed the top 21% to 35% listed companies in 2022. The Company has improved the management policies, human rights policies and risk management policies on reducing greenhouse gas emission and water consumption or other wastes. The Company has completed the by-election of independent directors, and two independent directors attended each board meeting in person; The Company continuously improves the projects that are not scored (for example, the performance evaluation of the executive board of an external professional independent institution this year) to improve the overall scoring performance of corporate governance evaluation.</p>				

* Other important information (e.g., the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education for directors and independent directors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and independent directors) that is helpful in understanding the state of corporate governance of the Company:

1. Employee rights and employee care.

- (1) The Company's management regulations (including various employee benefit measures and retirement system) are fully compliant with labor laws and regulations. The Company has passed OHSAS 18001 certification and attained occupational safety and health system certification, beneficial to the elimination or reduction of work risks for employees.
- (2) The Company's products are all RoHS compliant and there is a customer service unit to for dealing with quality and customer complaint issues.

- (3) The Company is fully Labor Standards Act and OHSAS 18001 compliant, providing a safe and healthy workplace for employees.
- (4) The Company provides safety and health education to employees from time to time and organizes employee health examinations on a regular basis.
- (5) The Company establishes periodic communication mechanisms and informs employees in a reasonable manner of changes in operations that may have a significant impact on them. Relevant information is disclosed in the “Investor Relations” section on the Company’s website (www.cmmt.com.tw) or on MOPS (<http://mops.twse.com.tw/index.htm>) as required by laws and regulations.
- (6) In 2018, the Company began to implement an employee stock ownership trust program, which enables employees to jointly invest in the Company’s share in a long-term manner. At CMMT, we also manage and use the trust assets for employees participating in the program in order to accumulate wealth and secure their future livelihood.

(7) Number of employees and employee benefit expenses for 2021:

As of December 31, 2022 and March 31, 2023, the Company had 1,106 employees and 1,067 employees, respectively.

2021			
Unit: NT\$ thousand			
Item	Operating costs	Operating expenses	Total
Employee benefit costs			
Salary and expenses	635,236	212,321	847,557
Labor and health insurance costs	63,617	14,819	78,436
Pension expenses	27,374	8,001	35,375
Restricted stock awards	16,307	23,139	39,446
Other employee benefit expenses	58,966	13,922	72,888
Remuneration to Directors	-	21,967	21,967
Total	801,500	294,169	1,095,669
Depreciation expenses	298,972	30,013	328,985
Amortization expenses	1,310	8,093	9,403

2. Employee benefits and their implementation:

- (1) Under the benefit system, at CMMT, we provide groups trips or travel subsidies for employees. We are committed to improving employee benefits and recreational measures.
- (2) We proactively promote sports while encouraging the establishment of diverse organizations.
- (3) The health of employees is very much focused as we hold health seminars and carry out health examinations each year.
- (4) In terms of remuneration, in 2019, the Company began to implement an employee stock ownership trust program, and 2021 RSA program which enables employees to jointly invest in the Company's share in a long-term manner. At CMMT, we also manage and use the trust assets for employees participating in the program in order to accumulate wealth and secure their future livelihood.
- (5) Continuing education and training are constantly facilitated to expand and strengthen the working skills of employees.

(1) In 2021, continuing education and training are performed as the following:

Training category	Total number of courses	Total number of people	Total number of hours
Professional courses and others	63	382	287.5
Safety and Health	8	300	20
Legal Education	2	32	5
Management Skills	1	66	6
Total	74	780	318.5

(2) Retirement system and its implementation: The following systems are in accordance with the applicable labor laws and regulations.

①(Retirement applied for in person) Employees of the Company who meet one of the following circumstances may apply for retirement:

- ① Those who have worked for over 15 years and are at least 55 years old;
- ② and those who have worked for over 25 years.

②(Mandatory retirement) The Company does not enforce mandatory retirement on an employee unless the employee meets one of the following circumstances:

- ① Those who are over 65 years old;
- ② and those who are mentally or physically incapacitated and are deemed unfit for work.

The age specified in the preceding paragraph may be adjusted by the Company through the central competent authority for workers with work of a special nature such as that which is dangerous or requires physical strength, but they not shall be under 55 years old.

③(Retirement age) The determination of retirement age of employees shall be based on the household registration.

④(Method for receiving and calculating retirement fund) The method for receiving and calculating the retirement fund is as follows:

I. Personal pension account system:

* Monthly pension payments: The principal and accrued dividends from an employee's individual labor pension account are to be paid in fixed installments. The amount of each installment shall be calculated based upon the annuity life tables, average

life expectancy, interest rate and other factors.

* Lump-sum payment upon retirement: The principal and accrued dividends from an employee's individual labor pension account are to be claimed in a lump sum at one time.

II. Annuity insurance system: The amount received is determined by the insurance contract.

⑤ Retirement Application.

I. Employees should apply for retirement in person and submit it to the president for approval.

II. In the event of mandatory retirement, the applicant is notified by their supervisor through the HR department.

III. Employees must complete all handover procedures in accordance with relevant regulations prior to the effective date of retirement.

* Implementation: The implementation status of the Company is satisfactory and in compliance with the Labor Standards Act and Labor Pension Act. The number of retirees in 2022 was 0.

3. Investor relations: Each year, the Company convenes shareholders' meeting in accordance with the Company Act and applicable laws and regulations. Shareholders are given sufficient opportunities to ask questions and make proposals. A spokesperson system is also in place to handle matters including suggestions, doubts, disputes. The Company reports and announces related information in accordance with the regulations promulgated by the competent authorities, and provides information that may affect investors' decisions in a timely manner.

4. Supplier relationship: With respect to supplier dealings, the Company has formulated the "Procurement Management Procedures" to regulate suppliers, and requires the employee to abide by the "Code of Ethical Conduct for Employees". The Company also strives to establish long-term close relationships with suppliers based on the win-win principle, hoping that by trusting one another, sustainable growth can be jointly pursued.

5. Stakeholders' rights: The company maintains open communication channels with banks it has dealings with, as well as employees, customers and suppliers. The company also respects and maintains their legitimate rights and interests. There is a spokesperson and acting spokesperson in place to respond to investors' questions, hoping to provide investors and stakeholders with highly transparent financial and business information. Also, the Company has formulated the "Code of Ethical Conduct for Employees" to regulate our employees to treat stakeholders with appropriate manners.

There is a section on the Company's website (www.cmmt.com.tw) dedicated to stakeholders. The website contains information on the contact person and communication channels: contact person & spokesperson: Sheng Hai-Tien; Agent Spokesperson: Huang Pei-Ming with contact number 06-5889988 and email cmmt_ir@cmmt.com.tw.

6. Continuing education:

2022 continuing education for directors, independent directors and managerial officers: The Company's directors have all reached the hours of continuing education required in the "Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The Company's directors received a total of 66 hours of continuing education in 2022.

Title	Name	Continuing Education Date		Organizer	Course name	Course Hours
		Start	End			
Chairperson	Ho Jau-Yang	November 3, 2022	November 3, 2022	Securities & Futures Institute	Practical Analysis of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
					Business Secrets Case Study	3
Director	Lian Wei-Chung	November 3, 2022	November 3, 2022	Securities & Futures Institute	Practical Analysis of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
					Business Secrets Case Study	3
Director	Hsu Ting-Chen	November 3, 2022	November 3, 2022	Securities & Futures Institute	Practical Analysis of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
					Business Secrets Case Study	3
Director	Jason C Kan	November 3, 2022	November 3, 2022	Securities & Futures Institute	Practical Analysis of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
					Business Secrets Case Study	3
Director	Huang Chiang-Huang	September 27, 2022	September 28, 2022	Securities & Futures Institute	Directors and Supervisors (including Independent Directors) and Corporate Governance Officers Workshop - Taipei	12
		October 12, 2022	October 12, 2022		Directors and Supervisors (including Independent Directors) and Corporate Governance Officers Advanced Practice Seminar	3

Independent Director	Liu Wei-Ting	November 3, 2022	November 3, 2022	Securities & Futures Institute	Practical Analysis of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
					Business Secrets Case Study	3
Independent Director	Chang Juu-En	August 5, 2022	August 5, 2022	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net-Zero Emission Policies for Business Operations	3
		November 3, 2022	November 3, 2022		Practical Analysis of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
					Business Secrets Case Study	3
Independent Director	Lin Yi-Chang	June 22, 2022	June 22, 2022	Taiwan Corporate Governance Association	2022 Global Trends and Opportunities for Low Carbon Economy and Corporate Low Carbon Innovation	3
					ESG-related Legal Issues to be Considered by the Board of Directors	3
		July 12, 2022	July 12, 2022		Advanced Audit Committee Practice Seminar - M&A Review and Director Responsibility	3
		July 15, 2022	July 15, 2022		What is True? What is False? Crisis Management for Misinformation	3

7. Personnel Associated with Disclosure and Financial Information:

2022 chief accounting officer:

Huang Pei-Ming, chief accounting officer (elected for the first time): “Chief Accounting Officer Continuing Education Course” - 12 hours.

8. Implementation of Risk Management Policy and Risk Measurement Criteria:

The Board of Directors passed the Risk Management Policy and Procedures of Cheng Mei Materials Technology Corp. on December 23, 2021, and formulated the Company’s risk management policy as follows:

- I. Establish and maintain an effective risk management framework, ensure the integrity of risk management operations, and implement a check-and-balance mechanism to improve the efficiency of the division of labor.
- II. Establish and improve the risk identification, assessment, monitoring, and control mechanism, to allow the risks to be controlled within the Company’s range of tolerance, thereby ensuring reasonable risks and rewards and enhancing the enterprise value.
- III. Establish communication channels and engage in communication and negotiation about risks with internal and external stakeholders appropriately to ensure the continuous application and effective operation of risk management.
- IV. Shape a risk management culture and increase risk management awareness, to implement risk management comprehensively.

Furthermore, the Legal Affairs and Legal Compliance Office assists the Board of Directors in taking on the risk management responsibilities to review various risk management issues raised by the executive team. It is responsible for overall risk management, including preparing risk management reports, integrating and coordinating inter-departmental common risk management issues, communicating important risk management issues to raise awareness, as well as executing and tracking various risk management resolutions adopted by the Board of Directors. The Audit Office assists the Board of Directors and managers in checking and reviewing defects in the internal control system and assessing the effectiveness and efficiency of operations. It draws up an annual audit plan based on the risk assessment results every year and reports the audit results regularly to the Audit Committee and the Board of Directors as the basis for risk control and risk assessment. The most recent report to the Audit Committee and the Board of Directors is dated December 30, 2022.

9. Implementation of consumer or customer protection policies:

In a bid to provide comprehensive service and protection to customers and clients, we communicate with our customers regarding their complaints in a timely manner in order to understand their needs and to promote efficient interaction between the Company and clients. We also carry out reviews on the production and sales meetings and quality control meetings as a means to make improvements.

10. Purchase of liability insurance for the Company’s directors and independent directors:

The Company has been taking out liability insurance to cover its directors and independent directors each year since 2011; the information is disclosed on MOPS. The Company has taken out liability insurance to cover its directors and independent directors for 2021, which has been submitted to the board of directors’ meeting held on Feb 17, 2022.

11. Those with a self-review report on corporate governance or a corporate governance evaluation report performed by an entrusted professional agency. Its self-review (or review performed by an entrusted professional agency) result, major deficiencies (or suggestions) and improvements: In March 2022, the Company completed the “Board’s Self-review or Peer Review”; deficiencies and improvements have been reported on the board of directors’ meeting held on March 16, 2022.

(IV) The state of the composition, duties and the state of the remuneration committee:

1. The Company has established a remuneration committee on April 26, 2011 in accordance with Article 2 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”. The committee is responsible for implementing corporate governance, improving supervisory functions and strengthening management mechanisms.
2. The convener for the Company’s 6th remuneration committee is the independent director Liu Wei-Ting.
3. Information on the members of the remuneration committee is as follows:

May 10, 2023

name		Qualifications	Professional qualifications and experience (Note 2)	Independence status (note 3)	Number of other public companies in which the individual is concurrently serving as a Remuneration Committee member
Independent director	Liu Wei-Ting		See page 15 for the professional qualifications and independence of directors (including independent directors).	See page 15 for the professional qualifications and independence of directors (including independent directors).	0
Independent director	Chang Juu-En		See page 15 for the professional qualifications and independence of directors (including independent directors).	See page 15 for the professional qualifications and independence of directors (including independent directors).	2
Independent Director	Lin Yi-Chang (Note 4)		See page 15 for the professional qualifications and independence of directors (including independent directors).	See page 15 for the professional qualifications and independence of directors (including independent directors).	2
Remuneration Committee member	Ho Heng-Zhen		Graduated from the College of Law, National Chengchi University; the 48th term of national judges and prosecutors training. Once served as prosecutor at the Fuchien Lienchiang District Court and the Tainan District Prosecutors Office; currently serves as attorney-in-charge at Mingwei Law Firm. Has professional qualifications, including prosecutor and attorney licenses.	She, her spouse, and relatives within the second degree of kinship have not held any positions in the Company, its affiliates, or companies with a specific relation with the Company, nor have they held any shares of the Company; she meets the requirements for independence under Article 6, paragraph 1, subparagraphs 5–8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. Has served as an inspector appointed by the Company over the past two years, and the remuneration received was NT\$80,000.	0

Remuneration Committee member	Hwang Sheng-Jye (note 4)	Has a PhD in Mechanical Science & Engineering from the University of Illinois Urbana-Champaign, US; served as director of the machinery factory, vice chair of the Mechanical Engineering Department, and director of the Mechanical Technology Research and Development Center of National Cheng Kung University; currently serves as professor at the Mechanical Engineering Department of National Cheng Kung University, having served in academia for a long time.	He, his spouse, and relatives within the second degree of kinship have not held any positions in the Company, its affiliates, or companies with a specific relation with the Company, nor have they held any shares of the Company; he meets the requirements for independence under Article 6, paragraph 1, subparagraphs 5–8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	0
-------------------------------	--------------------------	---	--	---

Note 1: Please specify in the table the service years, professional qualifications and experience, and independence of the members of the Remuneration Committee. If they are independent directors, please refer to Table 1 - Information on Directors and Supervisors (I) on page 15. Please fill in “independent director” or “other” for title (please indicate the convener).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of the individual members of the Remuneration Committee.

Note 3: Independence status: Specify the independence status of the members of the Remuneration Committee, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates; the number and percentage of the Company’s shares held by them, their spouse, or relatives within the second degree of kinship (or by nominee arrangement); whether they are directors, supervisors, or employees of companies with specific relations with the Company (refer to Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received by the affiliates for their business, legal, financial, accounting, and other services over the last two years.

Note 4: Mr. Lin Yi-Chang was elected as an independent director of the Company at the extraordinary shareholders’ meeting on June 27, 2022. The Board of Directors approved the appointment of Mr. Lin Yi-Chang as a member of the Company’s Remuneration Committee on August 4, 2022.

4. Information on the state of the remuneration committee:

(1) The Company’s Remuneration Committee consists of 4 members.

(2) The term of office of the current members.

A. As prescribed in the Remuneration Committee Charter, the term of office of the committee members is the same as the term of office of the appointed board members. On April 30, 2021, the Company held an election of all directors at the annual general meeting of shareholders; on May 10, 2021, the Board of Directors approved the appointment of the members of the Company’s 6th remuneration committee.

B. From May 10, 2021, up to the date of publication of the annual report, the members of the Remuneration Committee were: Mr. Liu Wei-Ting, Mr. Chang Juu-En, Mr. Lin Yi-Chang, Ms. He Heng-Chen, and Mr. Huang Sheng-Chieh; the convener of the 6th Remuneration Committee was Liu Wei-Ting.

C. The term of the Company’s 6th Remuneration Committee members is from May 30, 2021 to April 29, 2024.

(3) The Remuneration Committee held a total of 9 meetings in the most recent year (A: 5 in 2022; 4 in 2023). The qualifications and attendance of members was as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Liu Wei-Ting (note 1)	9	0	100	
Member	Chang Juu-En (note 1)	8	1	88.9	
Member	Steve Go (note 2)	1	0	100	
Member	Lin Yi-Chang (Note 4)	5	0	100	Newly appointed on February 17, 2022; resigned on March 31, 2022. (Note: The total number of meetings to be attended is 1)
Member	Ho Heng-Zhen (note 1)	9	0	100	Newly appointed on June 27, 2022. (Note: The total number of meetings to be attended is 5)
Member	Hwang Sheng-Jye (note 1、3)	9	0	100	
Other information required: I. If the board of directors declines to adopt or modify a recommendation of the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the compensation package approved by the board of directors is better than the recommendation made by the committee, please specify the discrepancy and its reason): Please refer to page 54-58. II. As to the resolution of the Remuneration Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified: Please refer to page 41-42.					

Note 1: The Board of Directors approved the appointment of Mr. Liu Wei-Ting, Mr. Chang Juu-En, Mr. Huang Kuo-Shih, Ms. Ho Heng-Zhen, and Mr. Hwang Sheng-Jye as the members of the 6th Remuneration Committee of the Company on May 10, 2021. Independent director Huang Kuo-Shih resigned on May 24, 2021.

Note 2: The appointment of Steve Go as one of the members of the Company's Remuneration Committee was approved by the Board of Directors on February 17, 2022.

Note 3: Mr. Huang Sheng-Chieh took office on September 15, 2021, after being approved by National Cheng Kung University.

Note 4: The appointment of Independent Director Lin Yi-Chang as one of the members of the Company's Remuneration Committee was approved by the Board of Directors on August 4, 2022.

(4) Material resolutions of an **Remuneration Committee** meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Remuneration Committee Meeting Date	Motion Content	Resolution Result	Company Response to Remuneration Committee's Opinions:
2022/03/16	<ol style="list-style-type: none"> Passed the motion for the distribution of 2021 remuneration to employees and directors. Motion for amendments to the 2021 restricted stock awards distribution and evaluation regulations. Passed the motion for the finalized number of shares allotted for the third issuance of restricted stock awards in 2021. Passed the motion for 2022 directors' remuneration. 	For motion 2, Mr. Hwang Sheng-Jye expressed reservations, Mr. Chang Juu-En shelved it, Mr. Liu Wei-Ting, Mr. Steve Go, and Ms. Ho Heng-Zhen approved it. With the approval of more than half of the members, it was submitted to the Board of Directors for deliberation. For motion 3, Mr. Chang Juu-En shelved it, Mr. Liu Wei-Ting, Mr. Steve Go, Ms. Ho Heng-Zhen, and Mr. Hwang Sheng-Jye approved it. With the approval of more than half of the members, it was	For motions 2 and 3, the directors agreed to request the management team to set out specific performance indicators for distribution and submit them to the chairperson for approval before submitting them to the earliest board meeting for deliberation. Motions 1 and 4 were approved by all attending directors.

		submitted to the Board of Directors for deliberation. Motions 1 and 4 were approved by all members of the committee and sent to the Board of Directors for deliberation.	
May 5, 2022	1. Passed the motion for R&D officer remuneration	Approved by all members of the committee and sent to the Board of Directors for deliberation.	Approved by all attending directors.
June 22, 2022	Directors' and managers' compensation for resignation.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.
August 4, 2022	1. Distribution of 2021 directors' remuneration. 2. Amendments to the bonus allocation principle, distribution and evaluation regulations, and distribution rules. Motion for ratifying bonuses for insiders.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.
November 10, 2022	Renewal of the Company's employee stock ownership trust and amendment to the employee stock ownership trust plan.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.
January 16, 2023	1. Motion for ratifying bonuses for insiders. 2. To approve the 2022 annual performance bonus for the staff. 3. To approve the 2023 directors' remuneration proposal. 4. Motion for reviewing indicators for the 2022 Board of Directors' performance evaluation. Motion for the contribution and distribution of 2022 remuneration to employees and directors.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.
February 13, 2023	Motion for the contribution and distribution of 2022 remuneration to employees and directors.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.
March 13, 2023	1. Amendments to the "Method of Remuneration for Directors". 2. Abolishment of the bonus allocation principle, distribution and evaluation regulations, and distribution rules. 3. Distribution of 2022 directors' remuneration. Taiwan indirect employee retention plan.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.
May 8, 2023	1. Motion for insiders severance pay. 2. Distribute employee compensation for managers in 2022. 3. List of managers participating in indirect employee retention plans and retention bonuses.	Approved by all members of the committee	Submitted to the board of directors subject to approval of all directors present.

(V) The state of the Company’s performance of social responsibilities:

The state of the Company’s performance of Sustainable Development and Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Updated on: May 10, 2022

Evaluation Item	State of Operation (Note 1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary (Note 2)	
I. Has the company established the governance framework and a dedicated (part-time) unit to promote sustainable development? Has the Board of Directors authorized senior management to handle such matter and to report their supervision to the Board of Directors?	V		<p>1. To actively promote sustainable management, ESG development and corporate governance functions related to corporate social responsibility, the Company established the Sustainable Development Committee in 2022 as its highest-level decision-making unit for promoting sustainable management. The Chairperson of the Board of Directors serves as the convener of the Committee, and all independent directors and the Acting President are members of the Committee. Under the Committee is the Sustainability Office, which is responsible for integrating the implementation of sustainability affairs in the Company's cross-departmental task force.</p> <p>2. The task force consists of five working groups: Environmental Sustainability Group, Green Manufacturing Group, Green Supply Chain Group, Employee and Social Care Group, and Corporate Governance Group. The team members come from various company departments, including R&D, production, plant management, environment and safety, legal affairs, and finance, etc. The task force implements the Company's sustainability strategies by integrating resources and holding regular progress review meetings. In addition to reviewing the results of each group's plans, the Committee also holds occasional meetings to discuss the planning of sustainability goals and strategic priorities and reports to the board of directors at least once a year.</p> <p>The Company has reported to the Board of Directors on March 13, 2023 on its latest progress of sustainability development.</p>	None
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality and establish related risk management policies or strategies?	V		<p>The Company performs risk assessments on environmental, social, and corporate issues in relation to the Company’s operations based on materiality principles. The relevant policies and strategies are as follows:</p> <p>(I) Environment Industrial safety and environmental risks. Since the establishment of the plant, the Company has been making an effort to reduce the environmental impact on the production. The Company aims to provide our employees a safe workplace where pollution is low. In recent years, the Company has introduced a number of water and electricity conservation facilities. In terms of waste treatment and sewage disposal, the Company has also invested in a variety of equipment and manpower, dedicating itself to becoming a eco-friendly company. The Company has attained the ISO 14001 environmental management system certification to establish an environmental management system that meets the standards. Risk of business interruption and property loss due to natural disasters: In an effort to avoid the risk of property loss and business interruption, the Company takes out insurance policies to transfer related risks. In addition, CMMT has set up a disaster prevention center and has a designated commander. The commander is responsible for quickly dispatching emergency response manpower to reduce disaster losses in the event of a typhoon or earthquake by quickly carrying out an inventory check, control and blocking of the disaster area.</p> <p>(II) Society Industry change risk: By regularly keeping a close eye on industry news and researches, the Company hopes to provide the management with the latest industry dynamics and changes in order to make the most suitable decisions. Manpower risk: Not only does the Company review our salary framework and improve employee benefits on a regular basis, the Company has also begun to introduce foreign workers to fill in the labor gap.</p> <p>(III) Corporate governance Credit risk: The Company reviews the status of accounts receivable return and collection operations on a regular basis, and analyzes the industry and customer operating conditions to reduce the risk of bad debts. Interest rate and exchange rate risk: The Company only carries out physical hedging and only chooses conservative and stable hedging products.</p>	

			<p>Liquidity risk: The Company persists in the expansion of long-term and short-term financing channels to fully diversify its sources of capital, while also strengthening the capital structure using capital marketing financial instruments.</p> <p>Information security risk: CMMT strives for the protection of the confidential information and intellectual property of the Company as well as its stakeholders to ensure the interests of the Company, customers, employees and all of its shareholders and to secure its competitiveness.</p> <p>The Company has also set up an internal closed system and promotes information and measures with respect to information security to its employees on a regular basis. By carrying out such approach, the Company aims to prevent external parties from stealing or photographing company information</p>	
<p>III. Environmental Issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>	V		<p>(I) All of the Company's plants, including CMMT Tainan and Ningbo subsidiary plants, have established environmental management systems in accordance with ISO14001:2015 and continue to obtain verification from third parties, tracking and disclosing the effectiveness of emission reduction. In the use of major raw materials, the Company fully complies with RoHS regulations. It also prohibits the hazardous substances specified in the Directive during production, in order to reduce impact on the environment.</p> <p>CMMT was verified for certification renewal of ISO 14001:2015 by a third party in 2023, valid from January 23, 2023 to January 22, 2026.</p> <p>CMMT's subsidiary Ningbo Cheng Mei Materials Technology Corp. obtained third-party certification of the new version ISO 14001:2015 in 2022, valid from October 9, 2022 to February 2, 2024.</p> <p>Since 2010, the Company has been conducting annual greenhouse gas inventories in accordance with ISO 14064-1 to track carbon reduction processes.</p> <p>In 2022, CMMT obtained the new third-party-verified ISO 14064-1:2018 greenhouse gas investigation certificate from Bureau Veritas Certification Taiwan (investigation period: January 1, 2021 to December 31, 2021).</p> <p>In 2022, CMMT obtained the new third-party-verified ISO 14067 carbon footprint inventory for polarizer products from Bureau Veritas Certification Taiwan (carbon footprint assessment period: January 1, 2021 to December 31, 2021).</p> <p>In 2022, CMMT's subsidiary Ningbo Cheng Mei Materials Technology Corp. obtained third-party-verified new ISO 14064-1:2018 greenhouse gas quantification report from DNV (investigation period: January 1 2021 to December 31, 2021).</p>	None
<p>(II) Is the Company committed to enhancing the utilization efficiency of resources and use renewable materials with low impact on the environment?</p>	V		<p>(II) The Company's targets to enhancing the utilization efficiency of resources:</p> <p>Waste reuse: The Company conducts management of main packaging materials, pads and chemicals as well as enforcing reduction and recycling. The packaging material uses recyclable PP box to improve the recycling of packaging material and reduce the generation of packaging material waste; used gaskets are recycled and cut to smaller sizes for reuse and recycling; for chemicals, CMMT has introduced an iodine recycling system to concentrate used iodine solution before allowing the original supplier to recycle and purify the iodine, thereby realizing the circular use of raw materials.</p> <p>Water recovery: The water recovery rate is improved by recycling through the process equipment system.</p>	
<p>(III) Has the Company assessed the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to climate issues?</p>	V		<p>(III) The Company has been fulfilling its duties to improve the efficiency of all types of resources. The Company has introduced a number of energy-conservation facilities and green energy, hoping that, through our production activities, the Company will move towards the goal of being a low-carbon company as well as creating economic value: adding inverters for air compressors, inverters for the air conditioning at production line, energy-saving air conditioning in the kitchen and inspection station operation changes.</p> <p>Since 2016, in line with the government's promotion of renewable energy policies, the Company has installed solar power generation systems in its plants. In 2020, the solar power system generated a total of 851,848 kWh of electricity. All electricity generated is for self-consumption, accounting for 1.3% of total electricity consumption and reducing CO2 emissions by approximately 434 metric tons (according to the 2019 CO2 equivalent emissions for electricity announced by the Bureau of Energy, Ministry of Economic Affairs).</p>	
<p>(IV) Has the Company calculated the greenhouse gas (GHG) emissions, water consumption, and total weight of waste in the past 2 years, and formulated policies on energy conservation and carbon</p>	V		<p>(IV)</p> <p>1. All of the Company's plants, including its Ningbo subsidiary, have completed ISO14064-1:2018 scopes 1 and 2 greenhouse gas inventories, as well as third-party verification, in the past two years. (Taiwan plant)</p>	

reduction, GHG reduction, water consumption, or other waste management?

Year	Carbon dioxide equivalent (CO2e)		Water consumption (degrees)	Total weight of waste (tons)	
	Scope 1	Scope 2		Hazardous waste	General waste
2020	18,307	33,030	721,569	882	2,644
2021	16,654	32,413	622,344	1,000	3,559

(Ningbo plant)

Greenhouse gas emission (tCO2e)		
Year	Scope 1	Scope 2
2020	513.08	6,093.86
2021	657.47	7,348.04

2. Energy saving and carbon reduction, GHG reduction policies and measures:
 - Our chilled water system runs with a dual temperature system of 7°C and 14°C to reduce the energy loss of temperature conversion needs.
 - The chilled water circulation system and cooling water tower fan use an inverter compressor which allows automatic adjustment of appropriate flow rate and air speed to reduce inefficient energy loss.
 - The air pressure system on the other hand adopts both fixed-frequency and variable-frequency systems. The fixed-frequency system is used as the base load operation, while the variable-frequency air compressor as the variable load adjustment pressure. Both systems effectively maintain a constant pressure while reducing the energy consumption of the fixed-frequency air compressor being turned on and off.
 - An inverter has been installed in the clean room air conditioning box, effectively maintaining a constant pressure in the clean room and reducing energy consumption.
 - As for the basement parking lot and outdoor street-lights, old lights have been replaced with LED lighting to reduce electricity consumption.
 - A solar power system has been installed on the roof, and it generates electricity for the Company's own-use, reducing the purchase of electricity from Taipower.

The GHG inventory in the plant is carried out, and a third-party impartial unit is appointed to verify GHG emissions in accordance with the related specification (14064-1) to ensure a full grasp of the emissions data for future energy saving and carbon reduction benchmarks.
3. Reduction of water and other waste policies and measures:

Water saving measures: Pure water system recycling, process water saving recycling, other water saving recycling.

Waste management policy: CMMT strives to promote cutting down waste and resource recovery at source. The Company has implemented various reduction plans in the plant, such as: extending the usage period of production line raw materials, packaging material racks recycled for reuse, and recycling waste plastic to increase reuse rate. Overall, it is CMMT's commitment to improve product yields and reduce waste generation by reducing consumption.
4. Other pollution emission control measures:
 - Records: Daily record of operation data for air pollution prevention equipment.
 - Maintenance: Carry out repair and maintenance of all equipment in accordance with the maintenance schedule in the operating instructions for prevention equipment.

			<ul style="list-style-type: none"> ● Regular inspection: Regular inspection is performed by a commissioned qualified agency approved by the EPA based on the pollutants and discharge pipes of stationary source operation permit application. ● Employee training: After operators receive complete training of related equipment, they may begin to operate the air pollution prevention equipment. 	
IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	V	(I)	<p>The Company's management regulations (including employee welfare measures, retirement system, etc.) are all in compliance with Taiwanese labor laws and regulations. The Company also follows the International Bill of Human Rights and provides a working environment that balances work and life. Moreover, the Company has passed ISO 45001 certification and attained occupational safety and health system certification, beneficial to the elimination or reduction of work risks for employees. CMMT is committed to talent cultivation. New employees are given a comprehensive training program to help them adapt to their jobs quickly. Each year, internal/external training is scheduled according to different topics to help employees continue to learn and grow. CMMT employees are mainly between the ages of 31~40 (54%), followed by employees aged between 41~50 (27%). Direct employees mainly consist of experienced and energetic young adults. The manufacturing industry consists of mostly direct employees.</p> <p>A summary of the Company's specific human rights management program is as follows:</p> <p><u>Providing a safe and healthy workplace</u> Refer to "Safe Environment" on page 49 of the Company's 2021 CSR Report for details.</p> <p><u>Supporting employees' physical and mental health</u> In consideration of safe commute, the Company allows 30-minute flexible working time. The Company provides a prayer room and parking spaces for its staff.</p> <p><u>Prohibition of forced labor</u> The Company has revised the system for reasonable working hours in accordance with the Labor Standards Act. The Company prohibits child labor, implements a leave system, and encourages its employees to focus on work-life balance.</p> <p><u>Signing the "Supplier Social Responsibility Agreement" with all suppliers</u> The Company invites all suppliers to fill out a consent form for social responsibility fulfillment to ensure that the supplier does not use child labor and respects labor freedom, human rights, dignity, leave, and other social responsibility issues.</p>	None
(II) Has the Company established and implemented reasonable measures for employee benefits (including remuneration, holidays and other benefits), and appropriately reflect the business performance or achievements in the employee remuneration?	V	(II)	<p>Leave: A comprehensive leave system in accordance with labor laws and regulations is provided. The Company places great importance on female-friendly benefits such as maternity leave, parental leave, paternity leave.</p> <p>Remuneration: In addition to providing employees with a stable salary and annual bonuses, the Company has also established the following compensation methods to allocate bonuses or stocks according to the operating conditions and individual performance, and provides a reasonable and competitive salary system with performance evaluation and promotion.</p> <p>[Employees' Remuneration] The Company shall set aside no less than 2% of the annual profits for remuneration to employees. The remuneration is distributed in the form of stock or cash by resolution of the board of directors, to employees of the Company who meet certain criteria. Its specific method is authorized to the board of directors for determination. The Company may set aside no more than 1% of the profits stated above as remuneration to directors by resolution of the board of directors. Remuneration distribution of employees and directors shall be proposed at the shareholders' meeting.</p> <p>[Performance and Operation Bonuses] Based on the consolidated financial statements approved by the board of directors every quarter, a fixed percentage of the pre-tax income is set aside as a bonus budget, which is paid after considering the achievement of operational goals and departmental and individual performance.</p> <p>[Other Compensation Systems] In 2018, the Company established an employee stock ownership trust plan. In 2021, the Company began to issue restricted stocks, so as to enhance employees' cohesion with a diversified compensation system, and to link senior managers and important talents with the long-term performance of the Company by means of deferred compensation.</p> <p>In 2022, the Company paid an average monthly salary of NT\$64,250 per employee, higher than the average monthly salary of NT\$58,324 per employee according to the 2022 statistics released by the Directorate General of Budget, Accounting and Statistics — the salary level we offer at CMMT is better than the national average.</p>	

<p>(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?</p>	<p>V</p>	<p>Benefits: In addition to satisfying employees' needs for food, clothing, housing, transportation, education, and recreation, the Company also provide employees with comprehensive insurance, including life insurance, accident insurance and free group insurance to give employees peace of mind. CMMT also created the Employee Welfare Committee to provide marriage allowance, childbirth allowance, funeral allowance, leisure, education, and entertainment allowance, birthday gift coupon, gift coupon for 3 major festivals, as well as company trips.</p> <p>Retirement System: The Company abides by the Labor Law and Labor Pension Act-related regulations to formulate the employee retirement system. If our employees satisfy one of the following criteria, they are entitled to apply for retirement: Those who have worked for the Company for more than 15 years and who are at least 55 years old; those who have worked for the Company for more than 25 years. Unless the employees meet one of the following conditions, the Company may not force them to retire: Those who are at least 65 years old Where the employee is unable to perform his/ her duties due to mental handicap or physical disability. The age specified in the preceding paragraph may be adjusted by the Company through the central competent authority for workers with work of a special nature such as that which is dangerous or requires physical strength, but they not shall be under 55 years old. The retirement age of the employee is determined based on his/her household registration records. The Company's retirement system has been well implemented in accordance with the Labor Standards Act and Labor Pension Act. For employees who are eligible to claim the pension as stipulated in the "Labor Pension Act", the Company contributes 6% of employees' insured wages to their personal accounts each month.</p> <p>Number of people who applied for retirement in recent years:</p> <table border="1" data-bbox="672 598 1713 678"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Number of retirees</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> </tbody> </table>	Year	2019	2020	2021	2022	Number of retirees	0	0	1	0	
Year	2019	2020	2021	2022									
Number of retirees	0	0	1	0									
<p>(IV) Has the company implemented an effective training program that helps employees develop skills over their career?</p>	<p>V</p>	<p>(III) The Company has obtained the new ISO45001:2018 certification, valid from January 23, 2023 to January 22, 2026, and is in full compliance with the Labor Standards Act and the Occupational Safety and Health Act. The Company provides a full range of basic education and training to new employees, including environmental health and safety, fire safety, static electricity protection, aiming to increase employees' basic safety awareness. In the event of an injury, employees are provided with a safety and healthy workplace through an abnormal accident management system. Employees are not only entitled to an annual health examination, the Company has also been putting an effort in investing in special protection programs and workplace health promotion events, hence the reason the Company was awarded with the "Badge of Accredited Healthy Workplace".</p> <p>The number of work-related fatalities and occupational diseases among employees in 2022 was 0.</p> <p>2022's implementation of education and training:</p> <table border="1" data-bbox="672 925 1713 1013"> <thead> <tr> <th>Training category</th> <th>Total number of courses</th> <th>Total number of people</th> <th>Total number of hours</th> </tr> </thead> <tbody> <tr> <td>Safety and health</td> <td>8</td> <td>300</td> <td>20</td> </tr> </tbody> </table>	Training category	Total number of courses	Total number of people	Total number of hours	Safety and health	8	300	20			
Training category	Total number of courses	Total number of people	Total number of hours										
Safety and health	8	300	20										
<p>(V) Has the company implemented consumer protection and grievance policies with regards to</p>	<p>V</p>	<p>(IV) The Company provides fixed education and training to internal employees each year to establish an effective career development training program, such as:</p> <ol style="list-style-type: none"> (1) ISO 9001 and QC 080000 Internal Auditor Training Course. (2) ISO 14064 Greenhouse Gas Accounting and Verification & Auditor Training Course (3) ISO 45001:2018 Occupational Health and Safety System and Internal Auditor Training Course (4) Internal Process Auditor Process Failure Mode and Effects Analysis (PFMEA) and Control Plan Awareness Training (5) Management Training Program (MTP) for middle level supervisors to enhance their management skills. (6) Training Within Industry (TWI) for grassroots management skills - work coaching and work improvement. (7) Awareness and promotion of Personal Data Protection Act: Practical Course for Information and Business Audits and Palo Alto Networks Firewall Hands-on Experience. (8) How to make good use of the computer system to identify abnormal transactions (9) Corporate Compliance Course: Courses include major labor news events, security and supervisors primary training courses, etc. Refer to Employee Development and Care for more details on employee talent development. <p>(V) The Company's products all follow applicable laws and regulations as well as international standards, and are RoHS compliant.</p>											

<p>its research, development, procurement, production, operating and service activities?</p> <p>(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health or labor rights?</p>	V	<p>(VI) The “Basic Supplier Information Form” signed with suppliers before a business dealing includes the question to the question of “whether the supplier’s historical record of environmental and social impact has been assessed”. The Company also established a “Supplier Social Responsibility Agreement” with major suppliers, including terms of termination or cancellation of the contract at any time if the supplier is involved in a violation of its corporate social responsibility policy and has significant environmental and social impact. In an effort to implement corporate governance, on November 11, 2015 and June 20, 2016, the board of directors passed the “Procedures for Ethical Management and Guidelines for Conduct”, which includes the “Declaration of Integrity for Suppliers”. "Supplier Integrity Statement" "CMMT Supplier Social Responsibility and Ethics Pledge".</p>	
<p>V. Has the company taken reference from the internationally accepted reporting standards or guidance when preparing CSR reports to disclose non-financial information? Have the reports mentioned previously obtained the assurance of third-party verification?</p>	V	<p>Yes, the Company prepares the annual CSR report in accordance with the GRI Standards: Core, published by the Global Reporting Initiative (GRI). The Company’s reports have not been verified or assured by a third-party.</p>	None
<p>V. For companies who have established Corporate Social Responsibility Best Practice Principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the current practice and any deviations from the code of conduct: The Company’s board of directors passed the “Corporate Social Responsibility Best Practice Principles” on May 12, 2011. Its operation does not deviate from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies”.</p>			
<p>VII. Any other essential information that may help understand the state of corporate social responsibility better:</p> <p>(I) In an attempt to fulfill the Company’s social responsibility to protect earth, the main raw materials used are in accordance with the EU’s “Restriction of (the use of certain) Hazardous Substances”, which came into effect in July 2006. The hazardous substances are banned in production and all departments are informed of related information to ensure that the Company’s products meet the requirements of EU’s directives or customers. Furthermore, the Company has attained the ISO 14001:2004 environmental management certification - it is the Company’s ongoing dedication to make a difference in environmental pollution, energy and resource conservation and waste reduction to reduce potential environmental risks.</p> <p>(II) The Company have also passed the OHSAS 18001: 2007 occupational safety and health management system. The Company insists on effectively eliminating or reducing risks for workers, while improving occupational health and safety and further reducing medical claims and insurance costs.</p> <p>(III) It is in the Company’s nature to always lend a hand when there is a social crisis. In response to environmental sustainability, the Company supported a native species tree planting activity in 2016.</p> <p>(IV) Promoting education and public welfare: To make good use of the Company’s power, it sponsored WHYIXD in 2019 in the “2020 X-site Program: X-Reality” - unique light and shadow effected were displayed through the optical properties of polarizing plates sponsored by CMMT. The work has also won the first-place prize among the total of 42 works in the exhibition.</p> <p>(V) The Company partnered up with the Tainan Astronomical Education Area in organizing the “Science Kids Alliance and Pa-Ke’s Fantastic Science Exhibition” on November 22, 2020. CMMT sponsored polarizing plates for the work “Swamp Code”, revealing the hidden secret of the lotus swamp through the eyes (polarizing plate) of the black-faced spoonbill. CMMT implements the educational significance of corporate responsibility through the fun activities.</p> <p>(VI) Investments in energy-saving or green energy-related major machinery and equipment for environmental sustainability:</p> <ol style="list-style-type: none"> 1. AFC energy storage equipment: The Company purchased 2.5 MWh d-Reg products. In response to the government's "Grid Reinforcement Project", the focus is on improving the stability of the equipment, and the "AFC storage equipment" can be used in conjunction with green energy development to improve the stability of the power system. In the future, the system will be on standby in low-carbon mode to meet the government's demand for electricity dispatch, and can be connected the power grid for supply when there is a demand, with an expected monthly dispatch revenue of NT\$1.1 million. 2. Organic solvent recycling: Every month, CMMT generates about 24 metric tons of waste plastic, whose primary treatment method has been incineration. With the addition of the solvent recovery system, up to 20 metric tons of organic solvents can be recovered each month. Subsequent treatment methods include (1) Recycling for EAC suppliers, which will purify and reuse the solvents; (2) Used for production wiping and cleaning of barrel tanks in the plant. <p>(VII) In 2022, CMMT held a campus competition on environmental sustainability and technological development, inviting college and university students to use their creativity to integrate 17 projects from the United Nations sustainable development goals (SDGs) and create the world of their dreams for 2030.</p> <p>(VIII) In 2022, the Company was awarded the 15th Arts & Business Bronze Award -- the Company is active in promoting diverse artistic activities and giving back to the community.</p>			

Note 1: If the “state of operation” is specified “Yes”, please explain the key policies, strategies and measures taken and the current progress; if the “state of operation” is specified “No”, please provide reasons and explain any policy, strategy and measure planned for the future.

Note 2 “Materiality principle” refers to environmental, social and corporate governance issues that are of material impact to the Company’s investors and stakeholders.

(VI) The state of the Company’s performance in the area of ethical corporate management and measures adopted:

The state of the Company’s performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Updated on: 25 March 2021

Evaluation Items	State of Operation			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Ethical management policies and action plans				
(I) Has the Company established an ethical management policy that has been passed by its board of directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies and methods?	V		(I) To CMMT, the core value of the Company's operation is ethical management and a sound corporate culture. In view of the fact that many incidents that violate the principles of ethical management have caused great losses to companies and their stakeholders, the Company engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency, and it promotes the culture of ethical management from top to bottom. Ethical management is an indispensable part of sustainable management that CMMT strives to implement. On April 26, 2011, the Company stipulated its “Ethical Corporate Management Best Practice Principles”, which was amended on February 17, 2022 upon the Board of Director’s approval. On November 11, 2015, the Company stipulated the “CMMT Ethical Management Procedures and Conduct Guidelines” as approved by the Board of Directors, which was amended on February 17, 2022. The “Corporate Governance Best Practice Principles” was amended upon the Board of Director’s approval on February 17, 2022. The Principles have clearly stated the policies and practices of ethical corporate management of the Company, as well as the commitment of the board of directors and management team to actively implement these policies.	None
(II) Has the Company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		(II) The Company’s “Ethical Corporate Management Best Practice Principles” and “Corporate Governance Best-Practice Principles” specify the means to prevent unethical conducts. The Company has a comprehensive complaint and disciplinary system, reporting and complaint channels: 1. Internal reporting channels include: (1) Direct supervisor (2) HR supervisor (3) Legal unit (4) Audit personnel (5) President’s mailbox. 2. The external reporting channel is the Company’s “Management Office and Legal and Compliance Office”, which can be reached through the “Reporting System for Unethical Conduct” on the official website www.cmmt.com.tw . Upon receiving an unethical conduct complaint, the Company will carry out an evaluation meeting made up of senior executives from different units and handles the complaint in accordance with related internal operational regulations. Where the level of disciplinary action involves a managerial officer, not only does the Company handle the situation in accordance with related regulations; it will also be reported to the board of directors. Recently it is reported to the board on March 16, 2022.	None
(III) Has the Company specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	V		(III) 1. Corporate governance and ethical management are promoted through weekly meetings or non-scheduled meetings. Where there is a violation of ethical conduct, the Company will carry out an evaluation meeting made up of senior executives from different units. 2. The Company has formulated the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” aiming to prevent bribery, accepting bribes and illegal political contributions for	None

			business activities with a higher risk of unethical conduct within the scope of business.	
II. Implementation of ethical management				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(I) Before establishing a business relationship, the Company first evaluates the legitimacy of its business partners and performs credit evaluations in order to avoid dealing with unethical business parties. Furthermore, the board of directors approved the “Procedures for Ethical Management and Guidelines for Conduct” on February 17, 2022, including “Exemption from Notification for Gifts from Suppliers and Clients”, Supplier Statement of “Ethical Conduct”, and Employee “Integrity Agreement” materialize ethical conducts and corporate governance.	None
(II) Has the Company set up a dedicated responsible unit to promote corporate ethical management under the board of directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the board of directors on a regular basis (at least once a year)?	V		(II) Dedicated responsible unit to promote corporate ethical management: Operations Management Office * Operation of the established unit: 1. The Company has designated the “Operations Management Office” as the dedicated unit (hereinafter referred to as the “Company’s dedicated unit”) to handle matters associated with corporate ethical management covering the amendment, implementation, explanation, consultation services, notification content, and filing as well as supervising their execution, which is reported to the board of directors on a regular basis. 2. If the Company’s personnel (directors, managerial officers, employees and persons with substantial control over the Company and the organization) offers or promises to pay for the facilitation in the face of threats or intimidation, they shall record the process and report it to the departmental supervisor, while also informing the Company’s dedicated unit. After being informed of the aforementioned situation, the Company’s dedicated unit shall handle it immediately. Related issues must also be reviewed to reduce the risk of recurrence. In the event of an unlawful activity, the judicial authorities must be notified immediately. As a means to fulfill the supervisory responsibility of ethical management, the Company’s board of directors has set up various organizations and channels, including the audit committee, remuneration committee, financial experts under the audit committee, internal audits, legal compliance and legal affairs. The Company’s finance department and internal auditors also report regularly to the board of directors on the state of the relevant implementation. Under the supervision of the board of directors, the Company’s managerial officers, especially the presidents and CFO, must ensure that the financial accounting information reported by the Company to the securities authorities or disclosed externally is complete, fair, accurate, up-to-date and easy to understand. The ethical management policies and operations for 2022 were reported to the Board of Directors for approval on March 13, 2023. <u>The annual work plan and main duties are as follows:</u> 1. Assisting in incorporating ethics and moral values into the Company’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting programs accordingly to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company’s	None

			<p>operations and business.</p> <ol style="list-style-type: none"> 3. Planning the internal organization, structure, and responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness-raising and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the preventive measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. 7. Preparing and retaining properly documented information, such as ethical management policy and compliance statements, and situations concerning the performance of commitments and implementation. <p>The Company's policy of ethical management has been implemented in accordance with corporate governance, business strategies and operating procedures, and <u>the specific practices of ethical management are as follows:</u></p> <ol style="list-style-type: none"> 1. A total of 583 participants took part in the insider trading prevention education and training program for all employees. 2. The directors and senior management of the Company have signed the "Declaration of Compliance with the Ethical Management Policy". 3. The Company has established internal and external reporting channels and ad hoc groups with investigation reports and tracking management mechanisms for reported cases. 4. In 2022, the Company had 0 complaints and prosecutions. 	
(III)	Does the Company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?	V	(III) The Company's "Corporate Governance Best-Practice Principles" stipulates that stakeholders must recuse themselves due to conflicts of interest. Transactions between the Company and its affiliated enterprises and shareholder transactions shall be based on the principle of fairness. Corporate shareholders and directors with control over their own interests shall be handled in accordance with the above rules ,and transferring of benefits is strictly prohibited.	None
(IV)	Has the Company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review?	V	(IV) In an effort to implement ethical management, the Company has set up an effective accounting system and internal control system. These systems are regularly audited by the internal audit unit as well as the entrusted CPAs of PwC Taiwan.	None
(V)	Does the Company organize internal or external training on a regular basis to maintain ethical management?	V	(V) Not only does the Company organize internal ethical management education and training, related courses organized by the competent authorities and banks concerning corporate governance and ethical management are also attended.	None
III. (I)	The state of the whistleblowing system Does the Company have a specific whistleblowing and reward system stipulated, a convenient report channel established, and a responsible staff designated to handle the individual being reported?	V	(I) The reporting system is stipulated in Chapter 7 of the Company's "Code of Ethical Conduct for Employees". The Company's whistleblowing channels: 1. Internal whistleblowing channels include: (1) Direct supervisor (2) HR supervisor (3) Legal unit (3) Audit personnel (4) President's mailbox. 2. The external whistleblowing channel is the Company's "Management Office and Legal and Compliance Office", which can be reached though the "Reporting System for Unethical Conduct" on the official website www.cmmt.com.tw .	None

(II)	Has the Company implemented any standard procedures, subsequent measures after carrying out an investigation, and confidentiality measures for handling reported misconduct?	V		(II)	“Whistleblowing, Protection and Exemptions” are stipulated in Chapter 7 of the Company’s “Code of Ethical Conduct for Employees”.	None
(III)	Has the Company taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?	V		(III)	“Whistleblowing, Protection and Exemptions” are stipulated in Chapter 7 of the Company’s “Code of Ethical Conduct for Employees”.	None
IV.	Strengthening of information disclosure Does the Company have the contents of ethical corporate management and its implementation disclosed on the website and MOPS?	V		(I)	The Company’s “Ethical Corporate Management Best Practice Principles” is disclosed on its official website (www.cmmt.com.tw) for employees to review/download at any time. Additionally, related information is also disclosed on the Company’s website or on MOPS as per legal requirements, achieving the facilitation effect.	None
V.	For companies who have established Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the current practice and any deviations from the code of conduct: None.					
VI.	Other material information that helps to understand the practice of ethical management of the Company: (e.g., the review and revision of the best-practice principles of the Company in ethical management): The Company operates with integrity and has formulated the “Codes of Ethical Conduct for Directors (Including Independent Directors) and Managerial Officers” and “Code of Ethical Conduct for Employees”. On April 26, 2011, May 12, 2011, and November 11, 2015, the Company’s board of directors passed the “Ethical Corporate Management Best Practice Principles”, the “Corporate Governance Best Practice Principles”, and the “Procedures for Ethical Management and Guidelines for Conduct”, respectively. The implementation status is periodically reported to the board of directors. The above codes clearly stipulate the policy and practice of ethical management in the Articles of Incorporation and external documents to achieve the effect that the board of directors and the <u>Company’s personnel (directors, managerial officers, employees and persons with substantial control over the Company or the organization)</u> are doing their utmost in implementing the management policy commitments.					

(VII) The Corporate Governance Code and related regulations and how to access them: Rules and regulations related to corporate governance including “Corporate Governance Best Practice Principles”, “Corporate Social Responsibility Best Practice Principles”, “Procedure for Transactions between Enterprise Groups, Specified Companies and Related Parties”, “Rules of Procedure for Shareholders Meetings”, “Codes of Ethical Conduct for Directors (Including Independent Directors) and Managerial Officers”, “Rules Governing the Scope of Powers of Independent Directors”. “Rules of Procedure for the Board of Directors”, “Audit Committee Charter”, “Code of Ethical Conduct for Employees”, “Procedures for Handling Material Inside Information”, “Ethical Corporate Management Best Practice Principles”, “Employee Integrity Commitment”, “Declaration of Integrity for Suppliers”, “Supplier Social Responsibility and Integrity Commitment”, and “Procedures for Ethical Management and Guidelines for Conduct” formulated by the Company are disclosed on the Company’s website in the “Corporate Social Responsibility” section.

(VIII) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance: None.

(IX) Internal Control System and Its Implementation:

1. Internal Control System: Please refer to page 53
2. If an accountant is entrusted to perform a special audit on the internal control system, the audit report shall be disclosed: None.

Cheng Mei Materials Technology Corp.
The Declaration of Internal Control

Date: February 13, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

1. The Company understands it is the responsibility of the Company's management to have an internal control system established, enforced, and maintained; the Company has already established this system. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
2. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.
3. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Regulations" for the details of the said items.
4. The Company has adopted the above judgment items of the internal control system to assess the design and operating effectiveness of the internal control system.
5. Based on the findings of the evaluation, the Company believes that, as of December 31, 2022, its internal control system (including supervision and management of subsidiaries) as well as monitoring the achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness and transparency of the reporting and compliance with applicable laws and regulations etc. were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. The Declaration of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. The declaration has been passed by board in the meeting held on February 13, 2023, with all 6 attending directors affirming the content of the declaration.

Cheng Mei Materials Technology Corp.

Chairman: Ho Jau-Yang

President: Lian, Wei-Chung

(X) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None

(XI) Major resolutions and their implementation of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Number	Date	Meeting Summary	Meeting Name	Objections or reservations by directors or independent directors
1	2022/02/17	<ol style="list-style-type: none"> 1. Motion for amendments to the Articles of Incorporation. 2. Motion for amendments to the Ethical Corporate Management Best Practice Principles. 3. Motion for amendments to the Procedures for Ethical Management and Guidelines for Conduct. 4. Motion for amendments to the Corporate Governance Best-Practice Principles. 5. Motion for amendments to the Sustainable Development Best Practice Principles. 6. Motion for evaluation of independence and appropriateness of the Company's CPAs 7. Passed the motion for appointment of the 2022 CPAs. 8. Motion for appointing the members of the 6th Remuneration Committee. 	Board of Directors	None
2	2022/03/16	<ol style="list-style-type: none"> 1. Passed the motion for the distribution of 2021 remuneration to employees and directors. 2. Motion for the 2021 business report and financial statements. 3. Motion for 2021 earnings distribution. 4. Motion for cash payout from capital reserve. 5. Motion for amendments to the "Procedures for Acquisition or Disposal of Assets". 6. Motion for 2022 CPA fees. 7. Motion for applying to financial institutions for tariff guarantees and derivatives facilities. 8. Motion for setting the capital reduction record date for the Company to redeem the outstanding restricted stock awards and cancel them. 9. Motion for amendments to the Articles of Incorporation. 10. Motion for removing the non-compete clause for representatives of juristic person directors. 11. Motion for matters related to convening the 2022 annual general meeting of shareholders. 12. Motion for the 2021 Effective Inspection of the Internal Control System and the Declaration of Internal Control. 13. Motion for amendments to the 2021 restricted stock awards distribution and evaluation regulations. 14. Passed the motion for the finalized number of shares allotted for the third issuance of restricted stock awards in 2021. 15. Passed the motion for 2022 directors' remuneration. 16. Passed the motion for the 2022 independent directors' and functional committee members' remuneration. 17. Motion for establishing an equity transaction oversight committee. 	Board of Directors	<p>Motion 13: After the chair sought the attending directors' opinions, no one expressed objection and agreed to request the management team to set out specific performance indicators for distribution and submit them to the chairperson for approval before submitting them to the earliest board meeting for deliberation.</p> <p>Motion 14: After the chair sought the attending directors' opinions, no one expressed objection and agreed to request the management team to set out specific performance indicators for distribution and submit them to the chairperson for approval before submitting them to the earliest board meeting for</p>

Number	Date	Meeting Summary	Meeting Name	Objections or reservations by directors or independent directors
				deliberation. Director Huang Chiang-Huang entrusted director Chen Chi-Wen to exercise the right to express objection to this motion.
3	111/04/20	1. By-election for one independent director 2. Amendments to the 2022 Annual general meeting 3. Discussion on the disposal progress of the Company's major subsidiary Chi Mei Materials Technology Investment Co., Ltd. and other related matters.	Board of Directors	None
4	2022/05/05	1. Passed the motion for the Company's consolidated financial statements for 2022 Q1. 2. Motion for change in stock transfer agency of the Company 3. Motion for nominating a candidate for independent director. 4. Motion for evaluating candidate for independent director proposed by shareholder. 5. Motion for removing the non-compete clause for newly-elected directors. 6. Motion for appointment for chief of R&D. 7. Motion for applying to financial institutions for tariff guarantees and derivatives facilities. 8. Royalty fee of polarizer technology for Hengmei.		Motion 3.:the motion has been vote by attending directors, and not passed.
5	2022/5/16	1. Motion for nominating a candidate for independent director. 2. Motion for the lifting of competition restriction between new directors.	Board of Directors	None
6	2022/6/6	1. Discussion on the disposal progress of the Company's major subsidiary Chi Mei Materials Technology Investment Co., Ltd. and other related matters.	Board of Directors	None
7	2022/6/22	1. Discussion on the disposal progress of the Company's major subsidiary Chi Mei Materials Technology Investment Co., Ltd. and other related matters. 2. Motion for directors' and managers' compensation for resignation. 3. Motion for the appointment of the Company's acting president.	Board of Directors	None
8	2022/6/27	Report Item 1. 2021 business report. 2. 2021 Audit Committee's Audit Report. 3. Endorsement/guarantee report. 4. Report on the amendments to the "Ethical Corporate Management Best Practice Principles". 5. Report on the amendments to the "Procedures for Ethical Management and Guidelines for Conduct". 6. Report on the amendments to the "Sustainable Development Best Practice Principles". 7. 2021 report on employees' remuneration and directors' compensation distribution. Acknowledgement 1. Motion for the 2021 business report and financial statements. 2. Motion for 2021 earnings distribution. Discussion 1. Motion for cash payout from capital reserve. 2. Motion for amendments to the Articles of Incorporation. 3. Motion for amendments to the "Procedures for Acquisition or Disposal of Assets".	Shareholders' Meeting	Not applicable

Number	Date	Meeting Summary	Meeting Name	Objections or reservations by directors or independent directors
		<p>Election</p> <p>1. Motion for a by-election of one independent director.</p> <p>Other motions</p> <p>1. Motion for the lifting of competition restriction between directors and representatives of juristic person directors.</p>		
9	2022/8/4	<p>I. Items reserved for discussion from the last meeting:</p> <p>1. Discussion on the disposal progress of the Company's major subsidiary Chi Mei Materials Technology Investment Co., Ltd. and other related matters.</p> <p>II. Items to be discussed in this meeting:</p> <p>1. Passed the motion for the Company's consolidated financial statements for 2022 Q2.</p> <p>2. Motion for setting the capital reduction record date for the Company to redeem the outstanding restricted stock awards and cancel them.</p> <p>3. Termination of the Company's listing of GDRs on the Singapore Exchange Limited.</p> <p>4. Motion for applying to financial institutions for credit lines and derivatives facilities.</p> <p>5. Motion for the appointment of the Company's chief corporate governance officer.</p> <p>6. Motion for appointing the members of the 6th Remuneration Committee.</p> <p>7. Distribution of 2021 directors' remuneration.</p> <p>8. Amendments to the bonus allocation principle, distribution and evaluation regulations, and distribution rules.</p> <p>9. Motion for ratifying bonuses for insiders.</p>	Board of Directors	None
10	2022/8/18	<p>I. Items reserved for discussion from the last meeting:</p> <p>1. Discussion on the disposal progress of the Company's major subsidiary Chi Mei Materials Technology Investment Co., Ltd. and other related matters</p>	Board of Directors	None
11	2022/10/17	<p>1. Motion for the change of the chief accounting officer and chief financial officer.</p> <p>2. Amendments to the "Regulations Governing the Issuance of New Shares with Restricted Stock Awards for 2021" and application to the competent authorities for extension of the issuance period of approved but unissued restricted stock awards.</p> <p>3. Amendments to the "Procedures for Handling Material Internal Information".</p> <p>4. Motion for amendments to the "internal control system".</p> <p>5. Motion for applying to financial institutions for credit lines and derivatives facilities.</p> <p>6. Application for derivative credits from financial institutions on behalf of CMMT (Samoa), the Company's subsidiary.</p> <p>7. Motion to pursue endorsements/guarantees made by the Company on behalf of subsidiary "CMMT (Samoa)".</p>	Board of Directors	None
12	2022/11/3	<p>1. Proposal for the Company to participate in the cash capital increase of RealD Spark LLC, a U.S. company.</p> <p>2. Amendment of the "Procedures for the Acquisition or Disposal of Assets" on behalf of CMMT (Samoa), the Company's subsidiary.</p> <p>3. Amendments to the "Regulations Governing the Issuance of New Shares with Restricted Stock Awards for 2021".</p>	Board of Directors	None
13	2022/11/10	<p>I. Items reserved for discussion from the last meeting:</p> <p>1. Proposal for the Company to participate in the cash capital</p>	Board of Directors	None

Number	Date	Meeting Summary	Meeting Name	Objections or reservations by directors or independent directors
		<p>increase of RealD Spark LLC, a U.S. company.</p> <p>II. Items to be discussed in this meeting:</p> <ol style="list-style-type: none"> 1. Passed the motion for the Company's consolidated financial statements for 2022 Q3. 2. Motion for first half of 2022 earnings distribution. 3. The Company's proposal of cash capital reduction. 4. Motion for convening the first extraordinary shareholders' meeting in 2022. 5. Renewal of the Company's employee stock ownership trust and amendment to the employee stock ownership trust plan. 		
14	2022/12/30	<p>Discussion</p> <ol style="list-style-type: none"> 1. The Company's proposal of cash capital reduction. 	Shareholders' Meeting	Not applicable
15	2022/12/30	<ol style="list-style-type: none"> 1. Motion for setting the capital reduction record date for the Company to redeem the outstanding restricted stock awards and cancel them. 2. Passed the motion for the 2023 Audit Plan. 3. Motion for termination of loans to the Company from the wholly-owned sub-subsidiary "Mao Fong Group Co., Ltd.". 4. Passed the 2023 operating budget. 5. Establishment of the "Sustainable Development Committee" and formulation of the "Organizational Charter of the Sustainable Development Committee". 	Board of Directors	None
16	2023/1/16	<ol style="list-style-type: none"> 1. Motion for evaluation of independence and appropriateness of the Company's CPAs 2. Passed the motion for appointment of the 2023 CPAs and CPA fees. 3. Motion for amendments to the "Audit Committee Charter". 4. Proposal to engage appoint PwC Taiwan for sustainability report consulting service. 5. Motion to ratify the application to financial institutions for derivatives facilities. 6. Motion for ratifying bonuses for insiders. 7. Approved the 2022 performance bonus for the insiders. 8. To approve the 2023 directors' remuneration proposal. 9. Passed the motion for the 2023 independent directors' and functional committee members' remuneration. 	Board of Directors	None
17	2023/2/13	<ol style="list-style-type: none"> 1. Motion for the contribution and distribution of 2022 remuneration to employees and directors. 2. Motion for the 2022 business report and financial statements. 3. Motion for 2022 earnings distribution. 4. Motion for cash payout from capital reserve. 5. Motion for the 2022 Effective Inspection of the Internal Control System and the Declaration of Internal Control. 	Board of Directors	None
18	2023/3/13	<ol style="list-style-type: none"> 1. The proposed pre-approval of non-assurance services of transfer pricing provided to the Company and its subsidiaries by certified public accountants, their firms and firm affiliates is presented for discussion. 2. Motion to apply to financial institutions for derivatives facilities. 3. Motion for matters related to convening the 2023 annual general meeting of shareholders. 4. Amendments to the "Method of Remuneration for Directors". 5. Abolishment of the bonus allocation principle, distribution and evaluation regulations, and distribution rules. 	Board of Directors	None

Number	Date	Meeting Summary	Meeting Name	Objections or reservations by directors or independent directors
		6. Distribution of 2022 directors' remuneration. 7. Taiwan indirect employee retention plan.		
19	2023/5/8	1. Passed the motion for the Company's consolidated financial statements for 2023 Q1. 2. Application to financial institutions for credit lines and guarantee of issuing commercial promissory notes and derivatives lines. 3. Revise the case of "Management Measures for Financial and Accounting Business Authorization Authority". 4. Motion for the change of spokesperson and acting spokesperson. 5. Revise the Company's motion of "Risk Management Policies and Procedures". 6. Motion for insiders severance pay. 7. Distribute employee compensation for managers in 2022. 8. List of managers participating in indirect employee retention plans and retention bonuses.	Board of Directors	None

(XII) A director or independent director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Yes, please refer to (XI).

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer, as the following table:

May 10, 2023

Title	Name	Date of taking office	Termination/Resignation Date	Reason
President	Lo Lai-Huang	November 6, 2020	June 13, 2022	Resigned due to personal career plans.
Vice President	Sheng Hai-Tien	Jan,1 2022	April 30, 2023	Retired due to personal career plans.

V. Information on CPAs:

(I) Information on CPA professional fees:

1. Name of the CPA firm:

amount unit: NT\$ thousand

Name of the accounting firm:	CPA name	CPA audit period	Audit fee	Non-audit fee	Total	Remark
PwC Taiwan	Wu Chien-Chih	January 1, 2022 - December 31, 2022	5,100	2,285	7,385	
	Liao A-Shen					

- (II) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any associate of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: The amount of non-audit fees of PwC Taiwan totaled NT\$2,285 thousand - NT\$1050 thousand for financial statements English translation, NT\$510 thousand for bond agreements, NT\$700 thousand for the transfer pricing report and group master file, and NT\$25 thousand for others.
- (III) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons: Not applicable.
- (IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: This is mainly due to the inclusion of English translation fees for financial statements as non-audit fees in 2022.
- (V) Evaluation of CPAs' independence: The Audit Committee of the Company evaluates the professionalism and independence of the CPAs once a year and then submits the evaluation results to the Board of Directors. The latest evaluation was approved by the Board of Directors on February 17, 2022. The evaluation items for the independence of CPAs are as follows:
- Whether the CPA has a direct or significant indirect financial interest relationship with the Company.
 - Whether the CPA engages in any financing or guarantee for the Company or its directors.
 - Whether the CPA has a close business relationship and potential employment relationship with the Company.
 - Whether the CPA or their audit team members have served as directors, supervisors, or managers at the Company or held a position with a significant influence on the Company's audit case currently or within the last two years.
 - Whether the CPA has provided the Company with non-audit services that may directly affect the audit work.
 - Whether the CPA has served as a broker for the shares or other securities issued by the Company.
 - Whether the CPA has acted as the Company's defender or represented the Company in coordinating conflicts with other third parties.
 - Whether the CPA is a relative of any director or manager of the Company or a person with a significant influence on the audit work.
 - Whether the independence and suitability of the certified public accountants are assessed based on audit quality indicators (AQIs): Yes.(Note)

Note: Based on the AQIs indicator information, it is confirmed that the audit experience, training hours, and the proportion of audit personnel in the professional audit department of the certified public accountant are all better than the industry average; In order to improve audit quality, the firm is continuously committed to digital transformation work and has established digital strategies and goals to import relevant system tools.

Evaluation result: The CPAs have passed the Company's independent evaluation criteria

VI Information on change in CPA: February 17, 2022.

(I) Former CPA

Date of Change	February 17, 2022		
Date of and reason for the change	In line with the internal organizational restructuring of PwC Taiwan, the auditing of the 2022 financial statements was carried out by PwC's Wu Chien-Chih and Liao A-Shen.		
A description of whether the CPA or the appointer terminated or discontinued the engagement	Party	CPA	Appointer
	Situation		
	Terminated the appointment	-	-
Discontinued the engagement	-	-	

If the former CPA issued an audit report during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason	None		
Different opinion from the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Other
	None	V	
Description			
Other matters to be disclosed (Article 10, Paragraph 6, Item 1-4 to Item 1-7 of the Guidelines should be disclosed)	None		

(II) Regarding the successor CPA

Name of the accounting firm	PwC Taiwan
Name of the accounting firm	Wu Chien-Chih, Liao A-Shen
Date of Appointment	February 17, 2022
If prior to the formal engagement of the successor CPA, regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the financial report, the issues that were the subjects of those consultations and the consultation results	None
Written opinion of the successor CPA on matters on which the former CPA disagreed	None

VII Where the Company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VIII Any transfer of equity interests and/or pledge of or change in equity interests by a director (including independent directors), supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: There is no such thing.

(I) Changes in the shareholdings of directors (including independent directors), managerial officers and major shareholders:

Unit: Share

Title	Name	2021		Current year ending April 29	
		Gain (Loss) in Shares Held	Gain (Loss) in Shares Pledged	Gain (Loss) in Shares Held	Gain (Loss) in Shares Pledged
Chairman	Ho Jau-Yang	-	-	(730,815)	-
Director	Ever Fortunes International Investment Co., Ltd	730,000	-	(130,000)	-
Representative	Lu Wei-Lun(Note1)	-	-	Not applicable	Not applicable
Representative	Hsu Ting-Chen(Note1)	-	-	Not applicable	Not applicable
Representative	Lian Wei-Chung (Note1,5)	372,662	-	(180,181)	-
Director	Abraham Investment Co., Ltd (Note 1)	410,000	-	(157,720)	-
Representative	Chen Chi-Wen (Note1)	-	-	Not applicable	Not applicable
Representative	Hsu Ting-Chen ((Note 1)	-	-	-	-
Representative	Sung Yen-Yi (Note 1)	Not applicable	Not applicable	(4,507)	-
Director	Four Season's Logistics Services Intl Corp. (Note 1)	-	-	(1,713,137)	-
Representative	Kan Chien-Fu((Note1)	-	-	Not applicable	Not applicable

Representative	Jason C Kan ((Note 2)	-	-	(169,887)	-
Director	Yanwen Asset Management Consulting Co., Ltd.. (Note 1)	(240,000)	-	(39,055)	-
Representative	Huang Chiang-Huang	-	-	-	-
Director & President	Lo Lai-Hwang (Note 2)	179,584	-	Not applicable	Not applicable
Independent Director	Liu Wei-Ting	-	-	-	-
Independent Director	Chang Juu-En	-	-	-	-
Independent Director	Wu Te-Feng (Note 3)	-	-	Not applicable	Not applicable
Independent Director	Lin Yi-Chang (Note 4)	-	-	-	-
Acting President	Lian Wei-Chung (Note 1, 5)	372,662	-	(180,181)	-
Vice President	Hung Yu-Li (Note 6)	236,374	-	(88,769)	-
Vice President	Sheng Hai-Tien (Note 9)	189,820	-	(385,606)	-
Assistant President	Lu Zhi-Hai	224,003	-	(63,435)	-
Assistant President	Kuo Chao-Hui (Note 6)	-	-	-	-
Chief Financial Accounting Officer	Huang Pei-Ming (Note 7)	13,120	-	(23,521)	-
Chief Corporate Governance Officer	Ma Shao-Heng (Note 8)	52,063	-	(13,267)	-

Note:

1. On March 11, 2022, the corporate director, Four Season's Logistics Services Intl Corp., assigned Jason C Kan as the representative, and the original representative, Kan Chien-Gu, was dismissed; on April 11, 2022, the corporate director, Ever Fortunes Internatioanl Investment Co., Ltd, assigned Hsu Ting-Chen as the representative, and the original representative, Lu Wei-Lun, was dismissed; on May 5, 2022, the corporate director, Ever Fortunes Internatioanl Investment Co., Ltd, assigned Lian Wei-Chung as the representative, and the original representative, Hsu Ting-Chen, was dismissed; on May 5, 2022, the corporate director, Abraham Investment Co., assigned Hsu Ting-Chen as its representative and the original representative, Chen Chi-Wen, was dismissed; on March 13, 2023, the corporate director, Abraham Investment Co., assigned Sung Yen-Yi as its representative and the original representative, Hsu Ting-Chen, was dismissed.
2. Director and president Lo Lai-Huang resigned on June 13, 2022.
3. Mr. Wu Te-Feng was elected as one of the Company's independent directors on December 29, 2021, at the first extraordinary shareholders' meeting of 2021, and resigned on March 31, 2022.
4. Mr. Lin Yi-Chang was elected as one of the Company's independent directors on June 27, 2022, at the Company's 2022 general shareholders' meeting.
5. On June 22, 2022, the Board of Directors resolved to appoint Executive Vice President Lian Wei-Chung as the Acting President.
6. On May 5, 2022, the Board of Directors resolved to appoint Assistant President Kuo Chao-Hui as Chief of R&D centre.
7. On October 17, 2022, the Board of Directors resolved to appoint Director Huang Pei-Ming as the Head of Finance and Accounting.
8. On August 4, 2022, the Board of Directors resolved to appoint Manager Ma Shao-Heng as the chief corporate governance officer.
9. Vice President Sheng Hai-Tien retired on April 30, 2023

(II) Information on transfer of equity interests to related parties:None.

(III) Information on equity interests of pledge to related parties: None.

IX Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

April 29, 2023 / Unit: shares

Name / Company and Its Representative	Shares Held by the Person Themselves		Shares Held by Spouse and Underage Children		Total shareholding in the name of others		Disclosure of names and relationships between the top ten shareholders including spouses, 2nd tier relatives or closer, or the relationships required in Statements of Financial Accounting Standards No. 6.		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
							(or name)		
1 INNOLUX CORPORATION	48,617,638	8.49%	0	0.00%	0	0.00%	None	None	None
2 Lin Kao Huang	28,043,095	4.90%	0	0.00%	0	0.00%	Prosperity Tieh Enterprise Co., Ltd., United City Investment Development Co., Ltd., Yi-Chang Metal Co., Ltd.	The Company Chairperson, The Company Chairperson, The Company Chairperson	None
3 Unified self operated credit account	14,073,384	2.46%	0	0.00%	0	0.00%	None	None	None
4 FAR EASTERN INTERNATIONAL BANK was entrusted with the custody of the investment account of Mai-Sheng Taiwan New Materials Investment Co., Ltd.	10,855,873	1.90%	0	0.00%	0	0.00%	None	None	None
5 Four Season's Logistics Serices Int'l Corp.	9,691,863	1.69%	0	0.00%	0	0.00%	Kan Chien-Fu	Director	None
6 Prosperity Tieh Enterprise Co., Ltd.	8,497,907	1.48%	0	0.00%	0	0.00%	Lin Kao Huang	Chairperson	None
7 United City Investment Development Co., Ltd.	8,497,907	1.48%	0	0.00%	0	0.00%	Lin Kao Huang	Chairperson	None
8 Yi-Chang Metal Co., Ltd.	8,497,907	1.48%	0	0.00%	0	0.00%	Lin Kao Huang	Chairperson	None
9 Su Chun chung	8,246,441	1.44%	0	0.00%	0	0.00%	None	None	None
10 Kan Chien-Fu	8,152,892	1.43%	1,550,018	0.27%	0	0.00%	Four Season's Logistics Serices Int'l Corp.	The Company Director	None

X The total number of shares and calculated consolidated shareholding percentage held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:

(1) A general description of companies that have been invested in the most recent fiscal year

December 31, 2022 Unit: NT\$ thousand; thousand shares

Investments in other companies (Name of the subordinate company: Note 1)	Main business	Investment shares			Book value (net equity or market value)	Accounting treatment	Return on investment for the most recent fiscal year		Number of shares held in the company	Whether there is any mutual endorsement and guarantee between the Company and subordinate companies, the capital financing and its amount
		Investment cost (amount)	Number of Shares	Shareholding Ratio			Investment income	Dividend distribution		
CMMT (Samoa)	Investment holdings	431,482	13,300	100	1,445,780	Equity method	139,401	None	13,300	None
Chi Mei Materials Technology Investment Co., Ltd. (Note 2)	Investment holdings	4,447,763	-	-	-	Equity method	-	None	-	None
Cheng Hui Investment Co., Ltd.	Investment business	151,870	15,187	100	16,160	Equity method	(365)	None	15,187	None
Cheng Hui Trading Co., Ltd.	Trading business	211,000	21,100	100	47,713	Equity method	(835)	None	21,100	None
CMVT	Electronics components manufacturing, optical instruments manufacturing, retail sale of electronic materials	289,000	6,638	22.96	12,725	Equity method	(83,907)	None	6,638	None
Ningbo CMMT (Note 3)	Polarizer cutting, visual inspection and packaging	408,443	None	100	1,503,222	Equity method	139,401	None	None	None
Hengmei (Note 4)	R&D, manufacturing and sales of polarizers	4,499,015	None	-	-	Equity method	-	None	None	None

Note 1: The term "subordinate company" refers to a company that meets the requirements stipulated in Article 369-2 and Article 369-3 of the Company Act.

Note 2: The sale of the equity was completed in August 2022.

Note 3: Held by CMMT (Samoa).

Note 4: The sale of Chi Mei Materials Technology Investment Co., Ltd. equity was completed in August 2022.

(2) Consolidated shareholding ratio in the most recent fiscal year:

December 31, 2022; unit: thousand shares; %

Investments in other companies	The Company's investment		Investments by the directors, managerial officers, and companies directly or indirectly controlled by the Company		Consolidated Investment		Through a subsidiary
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	
CMMT (Samoa)	13,300	100%	None	None	13,300	100%	-
CMVT	6,638	22.96%	None	None	6,638	22.96%	-
CMVT	95	0.33%	None	None	95	0.33%	Cheng Hui Investment Co., Ltd.
Chi Mei Materials Technology Investment Co., Ltd. (Note 1)	None (a limited company)	None (a limited company)	None	None	None	None	-
Ningbo CMMT	None (a limited company)	None (a limited company)	None	None	None	None	CMMT (Samoa)
Hengmei (Note 2)	None (a limited company)	None (a limited company)	None	None	None	None	Chi Mei Materials Technology Investment Co., Ltd.
Cheng Hui Investment Co., Ltd.	15,187	100%	None	None	15,187	100%	-
Cheng Hui Trading Co., Ltd.	21,100	100%	None	None	21,100	100%	-

Note 1: The sale of the equity was completed in August 2022

Note 2: The sale of Chi Mei Materials Technology Investment Co., Ltd. equity was completed in August 2022

Four. Information on Capital Raising Activities

I. Capital and issuance of shares:

(I) Source of capital stock:

1. Type of shares

Closing date: April 29, 2023 ; unit: thousand shares

Type of shares	Authorized share capital			Remark
	Outstanding shares	Unissued shares	Total	
Common stock	572,882	627,118	1,200,000	The Company's stock is a listed company stock

2. Formation of capital

(1) Formation of capital

Year/Month	Issue price (NT\$)	Authorized share capital		Paid-in capital		Remark		
		Number of shares (thousand shares)	Amount (NT\$ thousand)	Number of shares (thousand shares)	Amount (NT\$ thousand)	Source of capital stock (NT\$ thousand)	Paid in properties other than cash	Other
May 2005	10	35,000	350,000	35,000	350,000	Establishment of share capital	None	Note 1
November 2005	10	100,000	1,000,000	100,000	1,000,000	Cash capital increase	650,000	None Note 2
July 2006	10	250,000	2,500,000	250,000	2,500,000	Cash capital increase	1,500,000	None Note 3
November 2007	10	250,000	2,500,000	230,000	2,300,000	Capital reduction	1,000,000	None Note 4
						Cash capital increase	800,000	
June 2008	10	300,000	3,000,000	285,000	2,850,000	Cash capital increase	550,000	None Note 5
December 2009	12.5	500,000	5,000,000	385,000	3,850,000	Cash capital increase	1,000,000	None Note 6
May 2010	10	500,000	5,000,000	419,650	4,196,500	Profit	346,500	None Note 7
October 2011	15.7	500,000	5,000,000	443,170	4,431,700	Cash capital increase	235,200	None Note 8
August 2012	23	500,000	5,000,000	491,170	4,911,700	Cash capital increase	480,000	None Note 9
September 2014	10	600,000	6,000,000	515,729	5,157,285	Profit	245,585	None Note 10
September 2017	13	700,000	7,000,000	665,729	6,657,285	Cash capital increase to participate in global depository receipt issuance	1,500,000	None Note 11
August 2019	10	1,200,000	12,000,000	665,729	6,657,285	Change in authorized capital		None Note 12
June, 2021	0	1,200,000	12,000,000	670,729	6,707,285	Restricted stock awards	50,000	None Note 13
Nov, 2021	0	1,200,000	12,000,000	675,534	6,755,335	Restricted stock awards	48,050	None Note 14
April, 2022	0	1,200,000	12,000,000	675,247	6,752,467	Capital reduction	2,868	None Note 15
September 2022	0	1,200,000	12,000,000	675,085	6,750,849	Capital reduction	162	None Note 16
January 2023	0	1,200,000	12,000,000	674,145	6,741,445	Capital reduction	940	None Note 17
March 2023	0	1,200,000	12,000,000	572,882	5,728,818	Cash capital reduction	101,263	None Note 18

Note 1: Approved by the Letter Jing-Shou-Shang-Zi No. 09432129860 issued by the Ministry of Economic Affairs on 2005-05-17.

Note 2: Approved by the Letter Jing-Shou-Shang-Zi No. 09401234500 issued by the Ministry of Economic Affairs on 2005-11-28.

Note 3: Approved by the Letter Jing-Shou-Shang-Zi No. 09501140250 issued by the Ministry of Economic Affairs on 2006-07-07.

Note 4: Approved by the Letter Jing-Shou-Shang-Zi No. 09601280820 issued by the Ministry of Economic Affairs on 2007-11-19.

Note 5: Approved by the Letter Jing-Shou-Shang-Zi No. 09701137240 issued by the Ministry of Economic Affairs on 2008-06-12.

Note 6: Approved by the Letter Jing-Shou-Shang-Zi No. 09801284260 issued by the Ministry of Economic Affairs on 2009-12-17.

Note 7: Approved by the Letter Jing-Shou-Shang-Zi No. 09901132820 issued by the Ministry of Economic Affairs on 2010-06-29

Note 8: Order Jin-Guan-Zheng-Fa-Zi No. 1000038081 issued by the Financial Supervisory Commission of the Executive Yuan on 2011-08-16. Approved by the Letter Jing-Shou-Shang-Zi No. 10001253860 issued by the Ministry of Economic Affairs on

2011-11-04.

- Note 9: Order Jin-Guan-Zheng-Fa-Zi No. 1010026539 issued by the Financial Supervisory Commission of the Executive Yuan on 2012-06-21. Approved by the Letter Jing-Shou-Shang-Zi No. 10101190820 issued by the Ministry of Economic Affairs on 2012-09-17.
- Note 10: Order Jin-Guan-Zheng-Fa-Zi No. 1030026619 issued by the Financial Supervisory Commission of the Executive Yuan on 2014-07-14. Approved by the Letter Jing-Shou-Shang-Zi No. 10301180400 issued by the Ministry of Economic Affairs on 2014-09-03.
- Note 11: Order Jin-Guan-Zheng-Fa-Zi No. 1060008354 issued by the Financial Supervisory Commission of the Executive Yuan on 2017-03-30. Approved by the Letter Jing-Shou-Shang-Zi No. 10601137520 issued by the Ministry of Economic Affairs on 2017-09-30.
- Note 12: Approved by the Letter Jing-Shou-Shang-Zi No. 10801117980 issued by the Ministry of Economic Affairs on 2019-08-23.
- Note 13: Letter Jin-Guan-Zheng-Fa No. 1100345791 Approved by the Letter Jing-Shou-Shang No. 11001115010 issued by the Ministry of Economic Affairs dated July 13, 2021.
- Note 14: Letter Jin-Guan-Zheng-Fa No. 1100345791 Approved by the Letter Jing-Shou-Shang No. 11001226170 issued by the Ministry of Economic Affairs dated December 14, 2021.
- Note 15: Redemption and cancellation of restricted stock awards was approved by the Ministry of Economic Affairs, referenced Letter Jing-Shou-Shang No.11101052870 dated April 18, 2022.
- Note 16: Redemption and cancellation of restricted stock awards was approved by the Ministry of Economic Affairs, referenced Letter Jing-Shou-Shang No.11101168660 dated September 12, 2022.
- Note 17: Redemption and cancellation of restricted stock awards was approved by the Ministry of Economic Affairs, referenced Letter Jing-Shou-Shang No.11230001630 dated January 13, 2023.
- Note 18: Capital refund to shareholders from cash capital reduction was approved by the Ministry of Economic Affairs, referenced Letter Jing-Shou-Shang No.11101052870 dated March 13, 2023.

3. Information about the general reporting system: None.

(II) Shareholder structure:

Closing date: April 29, 2023

Number \ Shareholder Structure	Government agency	Financial institution	Other legal entities	Individual	Foreign institutions and foreigners	Total
Number of people	0	0	146	53,602	85	53,833
Number of shares held	0	0	112,428,079	417,380,614	43,073,087	572,881,780
Shareholding Ratio	0.00%	0.00%	19.63%	72.86%	7.51%	100.00%

(III) Diffusion of ownership:

Closing date: April 29, 2023

Shareholding level	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 - 999	27,097	6,849,079	1.20%
1,000 - 5,000	15,365	40,223,670	7.02%
5,001 - 10,000	5,753	43,398,756	7.58%
10,001 - 15,000	1,352	16,374,336	2.86%
15,001 - 20,000	1,359	23,341,381	4.07%
20,001 - 30,000	1,008	24,952,087	4.36%
30,001 - 40,000	454	15,651,927	2.73%
40,001 - 50,000	341	14,888,918	2.60%
50,001 - 100,000	631	43,943,798	7.67%
100,001 - 200,000	246	34,469,365	6.02%
200,001 - 400,000	114	31,028,312	5.42%
400,001 - 600,000	37	17,938,871	3.13%
600,001 - 800,000	14	9,830,235	1.71%
800,001 - 1,000,000	20	17,246,978	3.01%
More than 1,000,001	42	232,744,067	40.62%
Total	53,833	572,881,780	100.00%

(IV) List of major shareholders: Including shareholders holding 5% or more of the shares or names, numbers of shareholding and ratio of the top 10 shareholders:

Closing date: April 29, 2023 ; Unit: Shares

Name of major shareholder\Shares	Number of shares held	Shareholding ratio
INNOLUX CORPORATION	48,617,638	8.49%
Lin Kao huang	28,043,095	4.90%
Unified self operated credit account	14,073,384	2.46%
FAR EASTERN INTERNATIONAL BANK was entrusted with the custody of the investment account of Mai-Sheng Taiwan New Materials Investment Co., Ltd.	10,855,873	1.90%
FOUR SEASON'S LOGISTICS SERVICES INT'L CORP.	9,691,863	1.69%
Prosperity Tieh Enterprise Co., Ltd.	8,497,907	1.48%
United City Investment Development Co., Ltd.	8,497,907	1.48%
Yi-Chang Metal Co., Ltd.	8,497,907	1.48%
Su Chun chung	8,246,441	1.44%
Kan Chien-Fu	8,152,892	1.42%

(V) Provide share prices for the most recent 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit: thousand shares; NT\$ thousand

Item		Year	2021	2022	Current year as of
					May 10, 2023 (Note 8)
Market price per share (Note 1)	Highest		15.65	14.10	13.75
	Lowest		10.5	9.00	9.88
	Average		12.07	10.94	11.72
Net value per share	Before distribution		15.50	16.25	15.00
	After distribution		Note 2	Note 2	-
Earnings per share	Weighted average shares		665,741	667,074	640,428
	Earnings per share (Note 3)		1.15	0.69	-0.30
Dividends per share	Cash dividends		0.5	Note 2	-
	Bonus shares	-	-	-	-
		-	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
Return on investment analysis	P/E ratio (Note 5)		10.50	15.86	-
	P/E ratio (Note 6)		Note 2	Note 2	-
	Dividend yield (Note 7)		Note 2	Note 2	-

* If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The highest and lowest market prices of common stocks for each year are listed, and are calculated on the basis of the annual transaction value and volume.

Note 2: The net loss after tax in 2021 was in the amount of NT\$763,192,090, and the annual general meeting of shareholders resolved a decision not to distribute dividends on June 27, 2022. The net income after tax in 2022 was in the amount of NT\$462,116,616. The Board of Directors resolved a decision not to distribute dividends on March 13, 2023, a decision which has yet to be recognized by the 2023 regular shareholders' meeting.

Note 3: If there is a retroactive adjustment from distribution of bonus shares, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share

Note 6: Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share

Note 7: Cash Dividend Yield = Cash Dividends per Share / Average Closing Price for the Year

Note 8: The data of net worth per share and earnings per share shall be based on the most recent quarter numbers audited by CPAs as of the printed date of the annual report; the remaining columns shall list the current year's data as of the publication date of the annual report.

(VI) The Company's dividend policy and implementation thereof:

1. The company's dividend policy stipulated in the Articles of Incorporation

The Company's earnings distribution or deficit compensation may be conducted after the end of each fiscal half year. If there is a surplus after account settlement at the end of each fiscal half year, the Company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, however, if the legal reserve has reached the Company's paid-in capital amount, it shall not be classified, and the remaining legal reserved shall be classified according to the laws and regulations or shall be reserved as special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the Board subject to a resolution as per law.

The Company's dividend policy is based on the Company's current and future development plans, while also taking into consideration of the investment environment, capital needs and domestic and international competition status, as well as the interests of shareholders. Each year, no less than 20% of the distributable earnings is allocated as dividends to shareholders; however, if the accumulated distributable earnings are less than 50% of the paid-in capital, they will not be allocated for distribution.

Dividends to common stockholders may be paid in a combination of cash and stock. Cash dividends may not be less than 10% of the total dividends distributed to common stockholders.

2. Dividend distribution proposed on the most recent shareholders' meeting:

As the net income after tax in 2022 was in the amount of NT\$462,116,616, the Board resolved a decision not to distribute dividends on February 13, 2023 which is pending a resolution by the 2023 annual general meeting of shareholders, but to pay out cash in the amount of NT\$171,864,534 from capital reserves, with NT\$0.25493723 per share in cash.

3. Whether there is any material change in the expected dividend policy:

The Board approved an amendment to the Company's Articles of Incorporation on March 16, 2022 to amend the dividend policy as follows, "The Company distributes dividends and bonuses at a rate not higher than 80% of the distributable earnings during the distribution period, and the cash dividends to be distributed shall not be less than 10% of the total distributable dividends during the distribution period." However, if the distributable earnings are less than 50% of the paid-in capital, distribution may be cancelled. This amendment was passed by the 2022 annual general meeting of shareholders.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

The Board resolved a decision not to distribute dividends on February 13, 2023, hence not applicable.

(VIII) Remuneration to employees and directors (independent directors):

1. The percentages or ranges of employee and director (including independent director) remuneration, as set forth in the Company's Articles of Incorporation:

The Company shall set aside no less than 2% of the annual profits for remuneration to employees. The remuneration is distributed in the form of stock or cash by resolution of the board of directors, to employees of the Company who meet certain criteria. Its specific method is authorized to the board of directors for determination. The Company may set aside no more than 1% of the profits stated above as remuneration to directors by resolution of the board of directors. Remuneration distribution of employees and directors shall be proposed at the shareholders' meeting. Profits must first be set aside to make up for losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages. If remuneration to employees is paid through issuing new shares, the number of employee stock remuneration is converted in accordance with the current regulations.

The so-called "profit" is income before income taxes less remuneration to employees, which is distributed in one lump-sum.

2. The accounting of the difference between the estimates of remuneration to employees and directors (including independent directors), the basis for the calculation of outstanding shares for dividend payment and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

If there is a difference between the estimates, it is treated as a change in accounting estimate which is adjusted in the following year.

3. Information on the proposed remuneration to employees passed by the board of directors:

①: The amount of remuneration to and directors and supervisors distributed in cash or stock. If there is a difference between the estimates in the year in which the expense is recognized, the amount, the reason and the treatment for the difference shall be disclosed:

The differences between the estimated remuneration to employees and directors in 2022 and the amounts approved by the Board were NT\$78,989 and NT\$39,494, respectively. Such differences are changes in estimates and will be adjusted and recognized in 2023 profit or loss.

②: The amount of any employee remuneration distributed in stock, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration:

The 2022 remuneration to employees and directors is both paid in cash, hence not applicable.

4. The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The actual distribution and recognized amount of compensation for employees, directors, and supervisors in 2021 are not applicable as there is no difference.

(IX) Status of the Company repurchasing its own shares: None

II. The Company's handling of corporate bonds: None.

III. The Company's preferred stocks: None.

IV. Global Depository Receipts:

Date: May 10, 2023

Issue (Processing) Date		September 15, 2017	
Item	Issue Date	September 15, 2017	
Issuance and trading location		Singapore Exchange (Delisted from the Singapore Exchange Limited on 15 December 15, 2022)	
Total amount of issuance		USD64,912,500	
Unit issue price		USD17.31	
Total number of units issued		3,750,000 units	
Source of the underlying securities evidenced		Publicly traded common stock Source of the underlying securities evidenced by the issuance of cash capital increase of the Company. 150,000,000 ordinary shares	
Number of the underlying securities evidenced		Number of the underlying securities evidenced per unit: 40 shares of the Company's common stock.	
Rights and obligations of the holders of overseas depository receipts		Same as those of the originally issued shares.	
Trustee		Not applicable.	
Depository institution		The Bank of New York Mellon	
Custodian		Mega International Commercial Bank	
Unredeemed balance		As of December 2022, the outstanding balance was 0 units, equivalent to 0 shares.	
Allocation of responsibility for expenses incurred through issuance and during the period when the stocks are outstanding		Issuance costs: Borne by the issuing company Costs during the period when the stocks are outstanding: Borne by the issuing company	
Important agreed matters of depository contract and custody contract		The depository institution exercises the rights and obligations on behalf of the depository certificate holder, and the custodian institution keeps the common shares recognized by the depository certificate on behalf of the depository certificate holder.	
Market price per unit (Note)	2022	Highest	Not applicable.
		Lowest	
		Average	
	Current year as of May 10, 2023	Highest	
		Lowest	
		Average	

Note: According to the Prospectus, as this is an over-the-counter (OTC) transaction, only the unit issue price of USD17.31 can be used as a reference price.

For strengthening the operating capital or paying off liabilities, compare and describe the increase and decrease of current assets, current liabilities, total liabilities, interest payments, operating revenues, and the retained earnings per share etc. as well as financial structure analysis:

Not applicable as the Company's capital was used for "overseas material purchasing", and not for "strengthening the operating capital or paying off liabilities".

V. The status of issue and private placement of employee stock warrants: None.

VI. The status of new restricted employee shares:

December 31, 2022

Types of restricted stock awards (Note 1)	Restricted stock awards 1st Tranche	Restricted stock awards 2nd Tranche
Effective date of application filed	June 3, 2021	June 3, 2021
Issue date (Note 2)	June 28, 2021	Nov 29, 2021
Number of restricted stock awards issued	5,000,000 shares	4,805,000 shares
Issue price	The current issue is gratuitous	The current issue is gratuitous
Ratio of restricted stock awards issued to total outstanding shares	0.75%	0.71%
Vesting conditions of restricted stock	In accordance with "2021 Issuing Measurement of Restricted Stock Awards for	In accordance with "2021 Issuing Measurement of Restricted Stock Awards for

awards	<p>employees” The selected employees who have been granted Restricted Stock Awards in compliance with the Measurement, continued to work on the following vested terms from the record date of grant (the record date of cash capital increase), and had met the performance criteria will receive new shares respectively on the basis of the following schedule and the proportion of shares subscribed.</p> <table border="1" data-bbox="418 461 920 649"> <thead> <tr> <th></th> <th></th> <th>A+</th> <th>A</th> <th>B+</th> </tr> </thead> <tbody> <tr> <td>6 months</td> <td>10%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> <tr> <td>after granting</td> <td>20%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> <tr> <td>1 year after</td> <td>30%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> <tr> <td>granting</td> <td>40%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> </tbody> </table> <p>B- and below, will not receive any.</p>			A+	A	B+	6 months	10%	100%	80%	50%	after granting	20%	100%	80%	50%	1 year after	30%	100%	80%	50%	granting	40%	100%	80%	50%	<p>employees” The selected employees who have been granted Restricted Stock Awards in compliance with the Measurement, continued to work on the following vested terms from the record date of grant (the record date of cash capital increase), and had met the performance criteria will receive new shares respectively on the basis of the following schedule and the proportion of shares subscribed.</p> <table border="1" data-bbox="933 461 1420 649"> <thead> <tr> <th></th> <th></th> <th>A+</th> <th>A</th> <th>B+</th> </tr> </thead> <tbody> <tr> <td>6 months</td> <td>10%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> <tr> <td>after granting</td> <td>20%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> <tr> <td>1 year after</td> <td>30%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> <tr> <td>granting</td> <td>40%</td> <td>100%</td> <td>80%</td> <td>50%</td> </tr> </tbody> </table> <p>B- and below, will not receive any.</p>			A+	A	B+	6 months	10%	100%	80%	50%	after granting	20%	100%	80%	50%	1 year after	30%	100%	80%	50%	granting	40%	100%	80%	50%
		A+	A	B+																																																
6 months	10%	100%	80%	50%																																																
after granting	20%	100%	80%	50%																																																
1 year after	30%	100%	80%	50%																																																
granting	40%	100%	80%	50%																																																
		A+	A	B+																																																
6 months	10%	100%	80%	50%																																																
after granting	20%	100%	80%	50%																																																
1 year after	30%	100%	80%	50%																																																
granting	40%	100%	80%	50%																																																
Restrictions on restricted stock awards	<ol style="list-style-type: none"> (1) Before the vesting conditions are fulfilled, the employee shall not sell, pledge, transfer, donate, set, or otherwise dispose of RSA that they subscribe to in accordance with the Measurement. (2) During the vesting period, the RSA can participate in a distribution of share or cash dividends. (3) During the vesting period, if the company carry out a capital reduction, RSA will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under company’s custody, and be paid to the employees upon vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed in accordance with the Measurement shall be bought back by the company based on the original subscription price and cancel accordingly. (4) The RSA shall be delivered to the trust immediately after issuance. Employees may not ask the trustee to return the RSA for any reasons or by any method prior to the fulfillment of vesting conditions. (5) Before the vesting conditions are fulfilled, an employee violate article 8 of the Measurement or termination the contract, such shares will be repurchased by the Company without compensation. 	<ol style="list-style-type: none"> (1) Before the vesting conditions are fulfilled, the employee shall not sell, pledge, transfer, donate, set, or otherwise dispose of RSA that they subscribe to in accordance with the Measurement. (2) During the vesting period, the RSA can participate in a distribution of share or cash dividends. (3) During the vesting period, if the company carry out a capital reduction, RSA will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under company’s custody, and be paid to the employees upon vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed in accordance with the Measurement shall be bought back by the company based on the original subscription price and cancel accordingly. (4) The RSA shall be delivered to the trust immediately after issuance. Employees may not ask the trustee to return the RSA for any reasons or by any method prior to the fulfillment of vesting conditions. (5) Before the vesting conditions are fulfilled, an employee violate article 8 of the Measurement or termination the contract, such shares will be repurchased by the Company without compensation. 																																																		
Custody of restricted stock awards	Placed under custodial trust	Placed under custodial trust																																																		
Handling methods when restricted stock awards granted or subscribed for failed to be vested	<ol style="list-style-type: none"> (1) Resignation, termination of employment contract in accordance with article 11 and 12 of the Labor Standards Act, Death: Failure to meet the vesting conditions of Restricted Stock Awards causes void of the grant from the effective date or the day when cause occurs depending on whichever date is arrived earlier. (2) Retirement: In the latest period after the effective date, fail to meet the vesting 	<ol style="list-style-type: none"> (1) Resignation, termination of employment contract in accordance with article 11 and 12 of the Labor Standards Act, Death: Failure to meet the vesting conditions of Restricted Stock Awards causes void of the grant from the effective date or the day when cause occurs depending on whichever date is arrived earlier. (2) Retirement: In the latest period after the effective date, fail to meet the vesting 																																																		

	<p>conditions which shall be fulfilled, still follow the schedule to calculate the proportion of share in accordance with article 3 of the Measurement.</p> <p>(3) Leave with salary suspended: In the latest term set forth on the vesting schedule after the effective date, failure to meet the vesting conditions, still follow the schedule to calculate the proportion of shares in accordance with article 3 of the Measurement. Article 1 of the Measurement will be conducted, when reinstatement after the ending of the leave with salary suspended.</p> <p>(4) Disability or death caused by work injury, or death</p> <p>A. Employees who cannot continue to work due to physical disabilities caused by work or work related activities. In the latest term set forth on the vesting schedule after the effective date, fail to meet the vesting conditions, still follow the schedule to calculate the proportion of shares in accordance with article 3 of the Measurement.</p> <p>B. Death due to work and work related activities, in accordance with article 3 of the Measurement, and the heir will inherit the grant vested.</p> <p>(5) Transfer:</p> <p>A When employees are transferred to an affiliated company or other subsidiary, and fail to meet the vesting conditions, such employees shall be treated in the same manner as those who leave the company.</p> <p>B If, due to the company's operations, an employee is transferred to an affiliated company or other subsidiary, the employee's rights RSA scheme will not be affected.</p> <p>(6) An employee declares in writing to waive the RSA, the grant will be redeemed without compensation by the Company and canceled.</p> <p>(7) An employee violates company's regulations and has been marked as a major demerit, RSA will be redeemed by the Company and canceled.</p>	<p>conditions which shall be fulfilled, still follow the schedule to calculate the proportion of share in accordance with article 3 of the Measurement.</p> <p>(3) Leave with salary suspended: In the latest term set forth on the vesting schedule after the effective date, failure to meet the vesting conditions, still follow the schedule to calculate the proportion of shares in accordance with article 3 of the Measurement. Article 1 of the Measurement will be conducted, when reinstatement after the ending of the leave with salary suspended.</p> <p>(4) Disability or death caused by work injury, or death</p> <p>A. Employees who cannot continue to work due to physical disabilities caused by work or work related activities. In the latest term set forth on the vesting schedule after the effective date, fail to meet the vesting conditions, still follow the schedule to calculate the proportion of shares in accordance with article 3 of the Measurement.</p> <p>B. Death due to work and work related activities, in accordance with article 3 of the Measurement, and the heir will inherit the grant vested.</p> <p>(5) Transfer:</p> <p>A. When employees are transferred to an affiliated company or other subsidiary, and fail to meet the vesting conditions, such employees shall be treated in the same manner as those who leave the company.</p> <p>B. If, due to the company's operations, an employee is transferred to an affiliated company or other subsidiary, the employee's rights RSA scheme will not be affected.</p> <p>(6) An employee declares in writing to waive the RSA, the grant will be redeemed without compensation by the Company and canceled.</p> <p>(7) An employee violates company's regulations and has been marked as a major demerit, RSA will be redeemed by the Company and canceled.</p>
Number of restricted stock awards that have been taken back or repurchased	735,280 shares	653,710 shares
Number of restricted stock awards with restrictions lifted	1,269,420 shares	1,149,690 shares
Number of restricted stock awards with restrictions not lifted	2,995,300 shares	3,001,600 shares
Ratio of restricted stock awards with restrictions not lifted to total outstanding shares (%)	0.44%	0.45%

Effect on shareholders' equity	no significant impact	no significant impact
-----------------------------------	-----------------------	-----------------------

Note 1: The number of fields is adjusted as per the number of transactions.

Note 2: If there are different issue dates, they shall be entered one by one.

List of executives granted restricted stock awards and top 10 employees with the most restricted stock awards and status of the awards

December 31, 2022

	Title (Note 1)	Name	Number of restricted stock awards obtained	Ratio of restricte d stock awards obtaine d to total outstan ding shares (Note 4)	Restrictions released(Note 2)				Restrictions unreleased(Note 2)			
					Number of shares with restrictions released	Issue price	Issue amount	Ratio of restricted stock awards with restrictions released to total outstanding shares (Note 4)	Number of shares with restrictions unreleased	Issue price	Issue amount	Ratio of restricted stock awards with restrictions unreleased d to total outstanding shares (Note 4)
Manager Employee (Note 3)	President	Lo Lai-Hwang (Note 5)	3,040,000	0.45%	1,449,600	0	0	0.22%	1,590,400	0	0	0.23%
	Acting President	Lian Wei-Chung										
	Vice President	Hung Yu-Li										
	Vice President	Sheng Hai-Tien (Note 5)										
	Assistant President	Lu Zhi-Hai										
	Director (Chief Financial Accountin g Officer)	Huang Pei-Ming										
	Manager (Chief Corporate Governan ce Officer)	Ma Shao-Heng										
	Seniow director	Hsiuh Kuan-Ta	2,229,000	0.33%	828,300	0	0	0.12%	1,400,700	0	0	0.21%
	Seniow director	Lin Jian-Hung										
	director	Chien Chih-Yuan										
	director	Lin Bi-Sung										
	Deputy director	Chen Ya-Lan										
	Deputy director	Huang Tsai-Feng										
	Deputy director	Tsai Po-Jen										
Deputy director	Huang Hung-I											
Deputy Manager	Liao Yi-Ning											
Manager	Huang Teng mao											

Note 1: Including managers and employees (those who have resigned or passed away shall be indicated); individual names and titles shall be disclosed, but the granting or subscription may be disclosed in an aggregate manner.

Note 2: The number of fields is adjusted as per the number of issues.

Note 3: Top 10 employees with the most restricted stock awards refer to employees other than managers.

Note 4: The total number of outstanding shares refers to the number of shares listed in the change registration information with the Ministry of Economic Affairs.

Note 5: Lo Lai-Hwang resigned on June 13, 2022; Liao Yi-Ning resigned on November 3, 2022; Sheng Hai-Tien retired on April 30, 2023.

VII. New shares issued upon merger and acquisition or acquisition of another company's shares: None.

VIII. Matters to be recorded regarding the capital application plan: Not applicable.

Five. Overview of Operations

I. Description of the business:

(I) Scope of business:

Main content of the Company's business:

The Company mainly engages in the business of upstream optical film materials and components for liquid-crystal displays and specializes in the area of an important optical component — polarizers. The Company's expertise also spans both dyeing technology and precision coating technology. The Company provides the market with products with economic scale and mass production efficiency through combining optical and chemical materials.

In recent years, with the increase in demand for AR/VR for the metaverse trend and the application of AR HUD in vehicles, the demand for relevant optical parts has also increased significantly. Therefore, since 2021, the development of relevant optical film applications has begun to be sold in small quantities.

As our diversified customers have been gradually increasing and new product applications have expanded, the Company's overall performance is expected to grow.

1. Operating weight

The Company mainly engages in the business of upstream optical film materials and components for liquid-crystal displays and specializes in the area of an important optical component — polarizers. The Company's expertise also spans both dyeing technology and precision coating technology. The Company provides the market with products with economic scale and mass production efficiency through combining optical and chemical materials.

Unit: NT\$ thousand; %

Major products	Purpose	2022	
		Net operating income	Revenue proportion (%)
Polarizers	Polarizers are key components for LCD panels; they are made by using chemical and optical technology to give plastic materials polarization characteristics to display subtitles or patterns.	9,475,407	99.74%
other	Chemicals and etc.	24,275	0.26%
Total		9,499,682	100%

2. Products provided

polarizers for TVs: The Company provides high contrast, high transmission and high-resolution polarizers for TVs ranging from 23" to 70". The Company also provides high-water resistance PET and COP products with high temperature and humidity resistance according to customers' high-end needs, while providing high-value and large-sized PID product applications.

Polarizers for IT products: Covering VA, IPS and TN polarizers, as well as products with different thickness or water-resistant material according to customer needs.

Ultra-thin polarizers for small and medium-sized panels: These are applied to IPS panels and can be widely used on consumer products including, notebooks, tablets, and smartphones according to customer needs.

Polarizers for small and medium-sized OLED panels: These are applied to OLED panels as circular polarizers to achieve a true black hue used in smart bracelets and smartphones. The development of the first generation of circular polarizers for folding mobile phones has been completed, followed by the second generation of products with increased folding capacity and improved optical effects.

Polarizers with high durability for automotive market: Covering IPS and TN automotive polarizing film, the Company has developed polarizers with high weather resistance and low shrinkage characteristics to meet the needs of automotive applications.

Optical film application: The Company provides AR/VR and automotive AR HUD relevant optical film solutions.

(II) An overview of the industry:

1. Current status and development of the industry

Polarizers are a crucial material for upstream LCD panel components. Each LCD panel requires a total of two polarizers oriented at the top and bottom to control the light passage for forming the image. To date, within the downstream industries where polarizers are applied, large-size TFT panels are widely used in LCD TVs, LCD monitors, laptops and tablets. The trend also suggests increasing needs for larger sized products and consumer electronics such as tablets, smartphones, digital cameras, automotive carriers, as well as personal wearable devices, AR, VR, etc.

According to Omdia, the annual growth rate of panel demand from 2020 to 2022 is about 4% to 6%. In the long run, it is still a continuous growth trend, therefore the demand range for polarizers continues to increase.

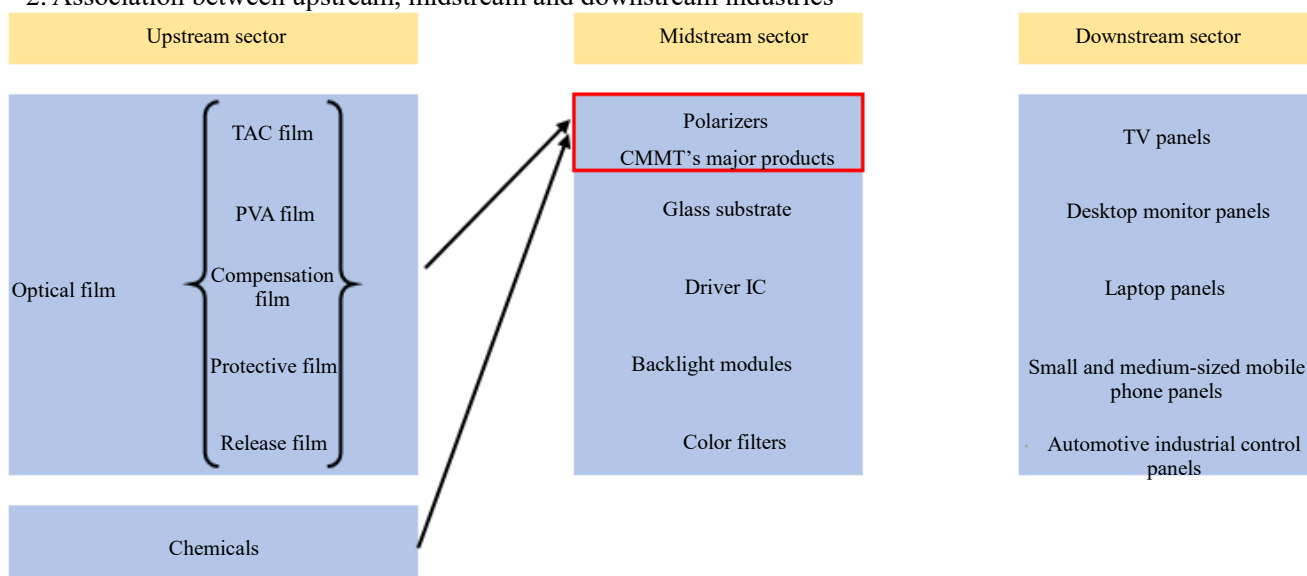
With the ongoing situation of the establishment of high-generation panel plants in China, according to Omdia's

estimation, by 2023, panel production capacity in China will account for approximately 70% of the global production capacity, including Gen 8/8.5/8.6 panel plants reaching 15 and Gen 10.5 reaching 5. As a result, China will be the world's largest supplier for large-size panels. AMOLED production capacity may also grow to 40% of the global level with Gen 4.5/5.5/6 Rigid OLED reaching 5 plants and Gen 6 Flexible OLED reaching 9 plants; as such, demand for polarizers will be concentrated in China.

With the combination of the two above trends, due to the global polarizer demand, Japanese, Korean and Taiwanese polarizer makers have been proactively moving into the Chinese market. All the while, China's polarizer plants are also expanding their production capacity in order to respond to these trends. Not only do these plants continue to expand their production lines, they are also making mergers and acquisitions. By 2023, the production capacity of domestic polarizers factories in mainland China had reached the top in the world.

Compared to Chinese manufacturers proactively expanding their own production capacity, the industry leader, Japanese manufacturers, are also accelerating the manufacture of high-value products while continuing to dominate the small-medium and automotive markets; the Korean manufacturer LG Chem, on the other hand, is planning on selling their polarizer business department, while Samsung SDI, another Korean manufacturer is not actively expanding its production; Taiwanese manufacturers also have no plans for expanding production, these approaches mainly resulting from product portfolio optimization and high value plans within their existing production capacity to prevent themselves from going into a red ocean.

2. Association between upstream, midstream and downstream industries



(III) An overview of the Company's technologies and its research and development work:

CMMT continues to introduce high-value, differentiated products spanning across fields such as automotive displays, slim products, OLED, healthcare, industrial control, and privacy displays. CMMT has also developed AR/VR polarizers to meet the new trend of display development for the metaverse.

The Company's R&D and technology-related departments are constantly engaging in new process technology and high-performance polarizer development to cater to our customers' application needs in small/medium/large-sized displays, ultra high definition displays, automotive displays, and OLED displays. We also strive to develop proprietary products and services that can satisfy the market and our customers' needs while quickly responding to the market demand and various challenges with our customers.

In 2019 Q4, CMMT passed the IATF 16949: 2016 automotive quality management system certification and officially stepped into the field of automotive products. We continue to optimize the system management method through the implementation of the management system to improve product quality and customers' satisfaction.

In the 2020 Q4 annual review and verification of the automotive quality system (IATF 16949), the Company also passed the strict review by the external audit entity (DQS), which has confirmed the effectiveness of the continuous operation of the quality system.

CMMT's product technology research and development goals are as follows:

1. Develop the super large-sized polarizer Gibbon film:

- (1) Change the alignment of absorption axis of the traditional polarizer as per the principle of optical inversion.
- (2) Produce a 130" super-large-sized polarizer for TV (3040mm*1288mm) using the existing 1500mm (PVA width) machine, to break through the limit of 2500mm width for raw materials.
- (3) Overcome the bottleneck that the existing 1500mm (PVA width) machine can only produce a maximum

size of 70”.

2. Continue to develop relevant automotive technologies:

- (1) CMMT has been mass-producing in-car polarizers, and has prioritized the development of compensation film with European standard 5.0 optical angle. At present, it has passed the optical weather resistance verification of some customers, and continues to develop a more competitive vehicle mounted compensation film to improve profits.
- (2) To meet the demand for full screen irregularity in the front car, introduce oversized irregularity processing technology.
- (3) Develop automotive polarizers for OLED.
- (4) The weather resistance of iodine based car polarizers has been further improved, moving towards the high-temperature effect of dye based polarizers.

3. OLED-related technology:

- (1). Mass produce true black OLED polarizers.
- (2). Develop automotive polarizers for OLED.
- (3). Develop flexible OLED polarizers.

4. Optimize the processing capacity for irregular-shaped polarizers, achieve the most efficient processing with the laser and irregular-shaped edge finishing machines, and meet the customer's requirements for weather resistance.

5. Privacy protection NB products: Work with brand solution designers to understand brand development needs, collaborate with upstream film suppliers, and connect with downstream display panel manufacturers to quickly introduce models for mass production. This year, the Company has continued to introduce new solutions for the major privacy NB brands in the market.

6. Products for mini LED backlight items: Improve production advantage, product high performance, and reasonable price as a competitive advantage in response to the LCD display backlight development trend.

The Company will continue to get hold of market supply and demand information and carry out research and development and production on related products according to future market demand to further achieve the objective of product diversification, hoping that the special features of the Company's products and the industry can be closely linked.

1. R&D personnel and their education and experiences

Unit: person

Item \ Year	2021		2022	
	Number of people	Ratio (%)	Number of people	Ratio (%)
Education				
Master or above	28	42.42%	41	51.25%
College	32	48.48%	33	41.25%
Senior high school	6	9.09%	6	7.5%
Total	66		80	
Average years of service	7.66		7.50	

2. R&D expenses invested each year in the last five year

Unit: NT\$ thousand

Item \ Year	2018	2019	2020	2021	2022
R&D expenses (A)	449,827	459,168	191,607	221,779	259,841
Net operating income(B)	12,767,162	14,896,250	9,456,875	11,134,393	9,499,682
(A)/(B) (%)	3.52%	3.08%	2.03 %	1.99%	2.74%

Note: Since 2015, related expenses of R&D process technicians have been classified as manufacturing expenses, and not R&D expenses.

3. Technologies or products successfully developed in the most recent 5 fiscal years

Year	R&D result
2015	Low-bending IPS type polarizer UV-curing type OCA OCA integrated polarizer EWV TYPE automotive polarizer IPS TYPE automotive polarizer Ultra-thin 78u IPS (20u Zero TAC) polarizer
2016	Taiwan Industry Innovation Platform Program (TIIP), Ministry of Economic Affairs Development of polarizing materials for automobiles with high weather resistance and high-water resistance
2017	HCLR/COP VA Polarizer Ultra-thin 98u IPS polarizer for ultra-notebooks 96u ultra-thin OLED polarizer Ultra-high conductivity IPS 76u polarizer for INCELL DESIGN Sunglass-free 82u small-medium polarizer Industrial control, high temperature and humidity resistance of 85°C/85% polarizer
2018	PET/PK3 VA polarizer PET/ZERO IPS polarizer Ultra-thin 76u IPS polarizer for ultra-notebooks Top and bottom total thickness 150u-APCF polarizing film for mobile phones U-shape/notch shape polarizing film for mobile phones 115u true black polarizing film for OLED cell phones IPS TYPE front mount E-MODE TYPE compensation film polarizer
2019	180u Double Z Frame - Polarizing film for mobile phones TAC/PK3 industrial control high temperature resistant polarizer MEGAZONE Special HDR (High Dynamic Range Imaging) Polarizer for TV TAC/NR01 Polarizer for TV 190u & 210u TOD type Notebook Top/bottom total thickness 180u-APCF polarizing film for notebooks Ultra-thin 76u IPS 300ppi high-resolution polarizer for notebooks Borderless polarizer for IPS Ink MNT
2020	Water-blocking polarizing film for PET/NR01 VA IPS viewing angle compensation film polarizer for automotive applications IPS viewing angle compensation film polarizer for mobile phones Special application (optical film for AR glasses) Special shaped-laser processing polarizer (for mobile phones, cars...) Ultra-high penetration IPS polarizer (for mobile phones, ultra-NB) Notebook - High-end anti-peeping model 4-piece high-transmittance polarizer
2021	98" Gibbon film polarizers 57u flexible OLED polarizers. Polarizers for 3D printers. IPS viewing compensation film for mini LED backlight items Automotive: Develop W-HUD optical films Special VR glasses optical films
2022	82um (including APCF) ultra-thin polarizer Polarizer for ultra-high penetration power-efficient TV Polarizer with eye protection function Polarizer with anti-bacterial and anti-viral functions High penetration and low reflectivity polarizer Privacy compensation film for privacy laptops Optical film for VR Pancake and AR Bird bath Anti-reflection explosion-proof film In-car one-piece black application ink black frame polarizer Light-curing packaging adhesive Optical embossing adhesive for e-book front panel

(IV) Long- and short-term business development plans:

1. Short-term business development plan

(1) Sales strategy

- Increase customer dispersion and accelerate the expansion of customers in China, Japan and Korea
- Focus on promoting existing products to new customers to increase the proportion of profitable products
- Adjust product structure and increase the proportion of sales of high-value products (automotive ones, OLED, ASF, AR/VR, privacy)

(2) Production strategy

- Continue to eliminate production bottlenecks, maximize the output of existing production lines, reduce

- production costs, and increase product cost competitiveness.
- Continue to reduce wear and tear, resource waste and waste output through production schedule optimization.
- Introduce new raw materials in line with suppliers to reduce purchase cost.

2. Long-term business development plan

Polarizers: Develop the latest technology products and high-quality polarizers for customers, while maintaining two-way communication about technological and market trends. From a pure production and processing operation mode, the Company will gradually transform into a solution supplier, becoming a supply partner trusted and relied on by our customers, continuing to steadily expand the market share. Our production strategy is to expand automatic production in order to reduce manpower costs and enhance availability so as to increase the competitiveness of polarizers in the market.

New product development: Develop products for optical film/adhesive applications in alignment with the optoelectronic industry's trend and provide customers with total solutions.

II. Analysis of the market and the production and marketing situation:

(I) Market analysis:

1. Major products (services) sales (provision) area

Unit: NT\$ thousand

Area	Year	2021		2022	
		Sales amount	Ratio (%)	Sales amount	Ratio (%)
	Domestic sales	2,328,180	20.91%	2,173,587	22.88%
Export sales	Asia	8,806,213	79.09%	7,326,095	77.12%
	Subtotal of export sales	8,806,213	79.09%	7,326,095	77.12%
	Total	11,134,393	100%	9,499,682	100%

2. Market share

According to Omdia's report, the top five polarizer makers in the world, which are Shanjin Group, Sumitomo Chemical, Nitto Denko, Kunshan Chimei Materials Technology and SDI, have a combined market share of 78%, while CMMT accounts for about 5% of the market share.

3. Future market supply and demand situation and growth

In the first half of 2022, the overall global polarizer market is still in short supply. The COVID-19 pandemic has changed people's socializing and working patterns, leading to an increase in the demand for remote work and remote meetings, thereby raising the demand for applications, such as laptops and super-large-sized TVs. Meanwhile, the gradual availability of the production capacity of the 10.5-generation panel factories in mainland China also drove the demand for large-sized polarizers. These are the main factors for the growth of polarizer factories' performance in the first half of 2022.

After the second half of 2022, demand dropped rapidly due to the Russia-Ukraine war and inflation. After the inventory is depleted and the market is adjusted, there is still a trend of continuous growth in the long run.

With the continuous development of high generation panel production capacity, the supply of panels increasing year by year, and the size of each application enlarging, the demand for polarizing panels is expected to grow steadily in the future. The market is expected to pick up gradually in 2023.

4. Competitive niche

(1) Experienced R&D personnel

The dyeing and extension of PVA film and the lamination of PVA film and TAC film in the polarization process will affect the overall production efficiency and quality level of the product. In terms of the design of production processes and mass production equipment, the Company's related personnel have accumulated many years of expertise and their technical skills have reached the standards of advanced manufacturers. Our R&D personnel also carries out detailed alterations in order to conform with the Company's required production process and increase production efficiency and quality. In terms of equipment design, we uphold a conservative and prudent strategy and carry out thorough evaluation, as all design considerations are based on mass production and judged by production efficiency.

In addition, not only does the Company have an outstanding R&D team, through the continuous improvement of process technologies as well as providing customers with samples based on the requirements for developing their new product for them to verify, the Company continues to improve its products and enhance the quality standards of products in a bid to increase the Company's competitiveness.

(2) Product and equipment development capabilities

As a crucial component in the upstream industry of panel manufacturers, the performance of polarizers in regards to their function and specification has a significant impact on the related performance and quality of the panel. Given such considerations, at the early stage of product and equipment design, polarizer

manufactures must clearly understand the requirements of the panel maker to further understand what material and design are most suitable for use. However, due to the fact that there is a professional and informational gap between the panel maker and the supplier of raw materials that must be integrated as quickly as possible, the polarizer manufacturer must proactively take on the task of communication and integration. The Company has good cooperation with both upstream and downstream suppliers, and with extensive experience in quickly moving products into mass production, the Company is able to integrate the requirements and corresponding supply capabilities of raw material suppliers, polarizer manufacturers and panel makers. By taking such an approach, a consensus is reached on mutually beneficial cooperation in order to jointly facilitate the development plans of new products. By adopting this vertical integration, the development time and cost of downstream panel makers can be shortened by a wide margin, while the time for panel makers to launch their products in the market is also shortened, significantly strengthening the competitiveness of customers' products and achieving mutual benefits.

(3) First to enter potential markets

In light of the increasing demand for polarizers in the Chinese market, the Company has been working tirelessly to develop Chinese customers. Aside from strengthening the quality of the Company's own products, the focus is also on the development and needs of customers, while at the same time developing products that meet customers' needs in line with market trends. The ultimate goal is to deepen the close partnership with customers and gain continuous orders.

5. Advantageous and disadvantageous factors for future development and policies for dealing with them

* Advantageous factors

(1) LCD panels are still widely-used and popular in the market

LCD panels are used in a wide range of applications from LCD TVs to small and medium-sized consumer mobile devices including general mobile phones, smartphones, digital cameras and monitors. Considering that they can be used in a wide range of products, LCD panels are in large demand in the overall consumer market. Electronic products in particular are constantly evolving and new technologies often create a wave of demand. By the observation of the current market trends, LED backlight modules and 3D video and its applications will further boost the demand for LCD TVs or a new round of TV product replacements. On the other hand, large-size TVs and small and medium-sized mobile display devices, tablet computers have become the mainstream of future products, while demand in consumer electronics products is growing significantly thanks to the economic rebound. These related applications are all beneficial to continuing increase in demand for LCD panels, which indirectly drives the growth of upstream panel components, including the polarizer industry.

(2) China's proactive investment in the LCD panel industry has resulted in a surge in demand for upstream components

For polarizer manufacturers, the new production capabilities in China will be a huge market opportunity. The rapid development of LCD panel production capacity in China will drive the growth of related upstream components by a wide margin. As one of the critical components, the demand for polarizers is increasing significantly. With the investment in Kunshan Hengmei, the Company can also take part in the growth trend of the Chinese market through investment income.

(3) Long product certification time leaves new competitors out

As polarizers are a crucial component of panels, and to prevent upstream products from not meeting their established standardized specifications, panel makers will certify and control the polarizer production lines. Since the certification period is relatively long, and in order to maintain the quality of products, panel makers tend to not use materials from new suppliers. Due to domestic panel makers being an oligopolistic market, for suppliers who have become major and stable suppliers of panel makers, it is a favorable factor, making it difficult for new polarizer manufacturers to enter the market.

* Disadvantageous factors and countermeasures

Disadvantageous factors	Countermeasures
Main raw materials for production must be imported	The annual production rate of the polarizer industry is highly related to the rate of material supply. The main raw material suppliers of TAC, PET and COP polarizers are the Japanese manufacturers FUJIFILM and Konica Minolta, Toyobo and Zeon, respectively. The Company strives to work hard on obtaining a reasonable price reduction range from suppliers, while at the same time maintaining long-term and trusting relationships with our main suppliers. Moreover, in order to take precautions to natural disasters in Japan affecting the global economic market, resulting in difficulties in obtaining sources of raw materials, the Company has another raw material supplier in place, while also actively seeking alternative sources of raw materials from other regions to disperse the risk of over-concentration of sources.
Response to downstream customers' price reduction needs for polarizers	In an effort to meet the large demand from downstream panel makers and to seek a stable gross margin, the Company will reduce costs to improve product competitiveness by adjusting product portfolio, continuously improving yield of production lines and maximizing availability of production capacity. In response to the future demand for consumer electronics, we will strive to expand the market for small and medium-sized panel

Disadvantageous factors	Countermeasures
	customers in terms of product portfolio, and create additional profits by enhancing the utilization rate of raw materials through composite cutting.

(II) Important use and production process for the major products:

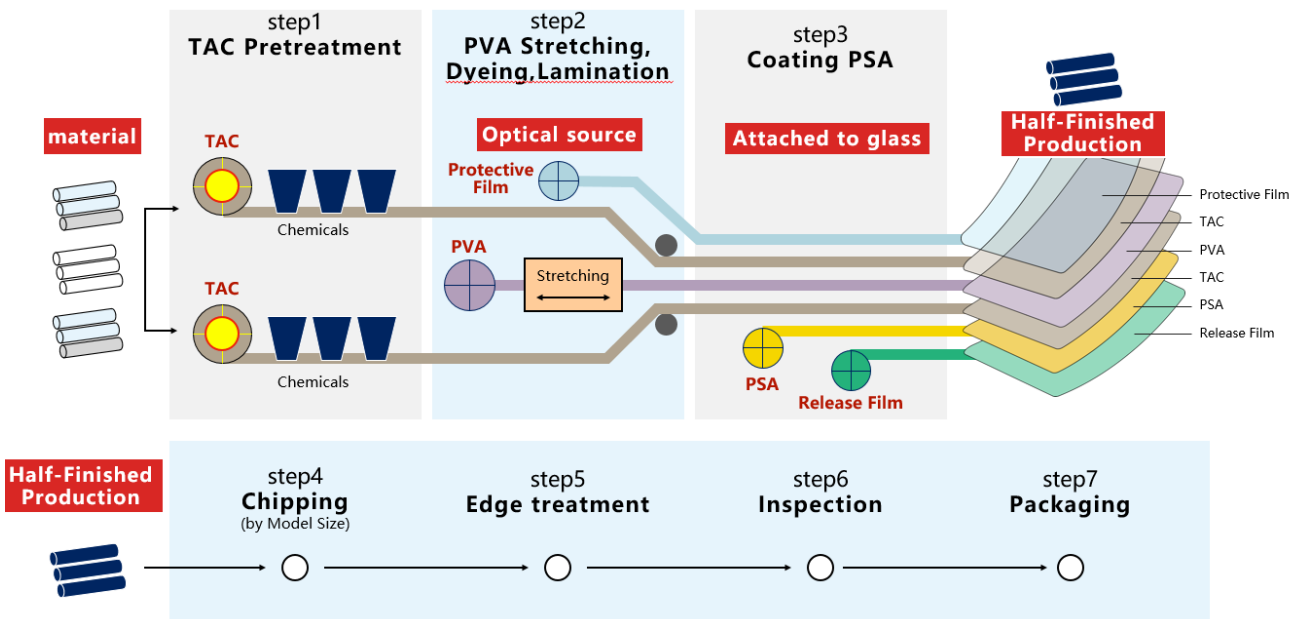
1. Important use for the major products

Major products	Important uses or functions
Polarizer	<ul style="list-style-type: none"> ■ Polarizers are a type of light plate that use chemical and optical technology to give the polarizing material polarized light scattering characteristics which allows only light of a certain polarization to pass through. ■ In the process of manufacturing LCD panels, a piece of polarizing film must be used at the top and bottom, and inserted one after another. ■ The main purpose is to let a light source create a shade of difference when there is or is no electric field to show a light or dark state, to display subtitles or images.

2. Production process of major products:

Front-end process: Through a roll-to-roll process, PVA material is stretched, and dyed to make PVA have polarization by scattering. It is then laminated with TAC, protective film and release film by various optical adhesives depending on the requirements of different products and customers.

Back-end process: The semi-finished rolls are cut and edged into sheets of the size required by the customer. It then checked and packaged for shipment to the customer.



(III) Supply situation for the Company’s major raw materials:

Main materials for polarizers and their suppliers are as follows:

Composition of materials	Function	Major supplier
Surface treatment film	Reduces reflection and anti-glare	FUJIFILM, DNP ,Toppan, Nippon Paper
	Increased visual performance	
PVA (polyvinyl alcohol film)	Polarization mechanism	Kuraray, Mitsubishi Chemical
Release film	Adhesive protection	Mitsubishi Chemical, Toray, Nan Ya
Protective film	Protective polarizer	Fujimori Kogyo, Nitto Denko, LG Chem
Compensation film	Reduces issues related to the amount of light	FUJIFILM, Konica Minolta, Zeon, HYOSUNG,

Composition of materials	Function	Major supplier
* TAC (triacetylcellulose film)	leakage in the dark state of LCDs, compensates for contrast and chromaticity, and protects the support of polarizers.	TacBright
* COP (cyclic olefin copolymer film)		
PSA (pressure sensitive adhesive)	High-weather resistance	Soken, Saiden, NCI, Fujimori Kogyo
PET	Replaces TAC as a PVA protective layer.	Toyobo

At present, the main suppliers are from Japan, and the market is oligopolistic. In the second half of this year, due to the global economic downturn, the market demand for panels was weak, resulting in excessive inventory in the overall supply chain. In the second half of the year, the Company adjusted its inventory by reducing its activation, and the upstream supply chain also reduced its production capacity in response to the sluggish market demand.

(IV) A list of suppliers and customers accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years

1. Information on major suppliers in the most recent 2 fiscal years

Unit: NT\$ thousand

Year	2021				2022				2023 up to the previous quarter (Note 2)			
Item	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Percentage of net purchases for the year ended the previous quarter (%)	Relation to the issuer
1	FUJIFILM CORPORATION .	1,408,839	17.11	None	Dai Nippon Printing Co., Ltd.	834,596	12.48	None	Kuraray Trading CO., LTD	185,861	12.18	None
2	Dai Nippon Printing Co., Ltd.	1,095,096	13.30	None	FUJIFILM CORPORATION	715,971	10.70	None	Dai Nippon Printing Co., Ltd.	159,870	10.48	None
3	Kuraray Trading CO., LTD	983,152	11.94	None	KONICA MINOLTA , INC.	698,757	10.45	None	Taiwan Nitto Corporation	147,182	9.64	None
4	KONICA MINOLTA , INC.	886,054	10.76	None	Kuraray Trading CO., LTD	652,202	9.75	None	FUJIFILM CORPORATION	145,903	9.56	None
	Other	3,863,206	46.89	None	Other	3,788,291	56.62	None	Other	887,270	58.14	None
	Net purchase	8,236,347	17.11		Net purchase	6,689,817	100		Net purchase	1526,087	100	

Note 1: A list of suppliers and customers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amount and ratio bought; if the contract stipulates not disclosing the name of the supplier or the trading counterpart is an individual person who is not a related party, a code in place of the actual name must be used.

Note 2: As the publication date of the annual report is May 10, 2022, the information of 2022 Q1 cannot be disclosed.

2. Major sales customers in the most recent 2 fiscal years

Unit: NT\$ thousand

Year	2021				2022				2023 up to the previous quarter (Note 2)			
Item	Name	Amount	Ratio to net annual sales (%)	Relation to the issuer	Name	Amount	Ratio to net annual sales (%)	Relation to the issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter (%)	Relation to the issuer
1	Customer A	2,196,780	19.73	None	Customer A	2,120,972	22.33	None	Customer A	421,033	22.67	None
2	Customer B	1,707,634	15.34	None	Customer B	1,226,239	12.91	None	Customer C	361,907	19.49	None
3	Customer C	1,649,773	14.82	None	Customer C	1,142,505	12.03	None	Customer B	194,380	10.47	None
4	Customer D	890,356	8.00	None	Customer E	770,179	8.11	None	Customer F	171,830	9.25	None
	Other	4,689,850	42.11	None	Other	4,239,787	44.62	None	Other	707,840	38.12	
	Net sales	11,134,393	100	None	Net sales	9,499,682	100	None	Net sales	1,856,990	100	

Note 1: A list of customers accounting for 10 percent or more of the Company's total sales amount in either of the 2 most recent fiscal years and the amount and ratio sold; if the contract stipulates not disclosing the name of the customer or the trading counterpart is an individual person who is not a related party, a code in place of the actual name must be used.

(V) Production for the most recent 2 fiscal years:

Unit: Thousand meters; NT\$ thousand

Production Volume/Value	2021		2022	
	Production Volume	Production Value	Production Volume	Production Value
Major Product				
Polarizer	15,925	4,855,741	14,793	5,234,419
Polarizing film coil	13,616	4,454,344	20,787	4,494,365
Other	None	None	None	None
Total	29,541	9,310,085	35,580	9,728,784

(VI) The sales volume and value for the most recent 2 fiscal years:

Unit: Thousand pieces (thousand meters)/NT\$ thousand

Sales Volume/Value	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
Major Product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Polarizers	4,065	1,788,185	10,758	4,676,944	5,032	1,925,158	12,039	4,672,803
Polarizing film coil	2,046	531,194	15,230	4,096,322	896	247,762	9,480	2,629,684
Other		8,801		32,947		667		23,608
Total	6,111	2,328,180	25,989	8,806,213	5,928	2,173,587	21,519	7,326,095

Note: The quantity of polarizers are thousand pieces; the unit of quantity for polarizing film coil is thousand meters.

III. Employees:

Unit: persons; %

Year		2020	2022	2023 up to March 31
Number of employees	Direct employee	678	820	696
	Indirect employee	357	416	371
	Total	1,035	1,236	1,067
Average age		35.17	38.08	38.3
Average service years		6.57	8.36	8.40
Education distribution rate (%)	Master/PhD	11.21%	11%	12%
	College	62.32%	64%	63%
	Senior high school	26.47%	25%	25%
	Below senior high school	0.00%	0.00%	0.00%

IV. Information on environmental protection expenditures:

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an unit or office responsible for environmental issues, the description of the status of such applications, payment or establishment shall be made:

(1) The Company's related environmental protection approval documents and numbers:

Name of the public or private establishment: Cheng Mei Materials Technology Corp. Control code: R90A0401 No. 13, Muzhagang West Road, Nangan Village, Shanhua District, Tainan City	
Stationary Pollution Source Operation Permit	
I.	Other optoelectronic materials (polarizers) and components manufacturing process (M01) Tainan City Huan-Kong-Cao-Zheng-Zi No. D0194-00 dated February 19, 2020
II.	Boiler steam generation procedure (M02) Tainan City Huan-Kong-Cao-Zheng-Zi No. D0857-01 dated December 1, 2022
III.	Other optoelectronic materials (polarizers) and components manufacturing process (M03) Tainan City Huan-Kong-Cao-Zheng-Zi No. D0195-00 dated February 19, 2020
Water Pollution Prevention and Control Permit Tainan City Government Huan-Shui-Zi No. 01264-13 dated November 21, 2018	
Business Waste Removal Plan Environmental Protection Bureau of Tainan City Government Huan-Shi No. 1100042511 dated April 22, 2021 Cleanup program approval number: R09512080001	
Toxic Chemical Substance Permit Environmental Protection Bureau of Tainan City Government Huan-Shui No. 1100113362 dated October 12, 2021 Approval No.: Tainan City Du-He-Zi No. 000429	

(2) The Company's air pollution prevention fee payment

Unit: \$

Year	Air pollution fee
2020	112,446
2021	100,285
2022	59,573

(3) The Company's payment for the use of the wastewater treatment system

Unit: \$

Year	Fees for the use of the wastewater treatment system
2020	22,002,959
2021	19,430,838
2022	10,486,596

(4) Establishment of the Company's dedicated environmental protection personnel

1.	Class A Air Pollution Prevention Specialist: Xu Wen-Jia (2021) Huan-Shu-Xun-Zheng No. FA050089
2.	Class A Wastewater Treatment Specialist: Liu Meng-Tsung (2001) Huan-Shu-Xun-Zheng-Zi No. GA160143 Su Lian-Jie (2013) Huan-Shu-Xun-Zheng-Zi No. GA470999 Lin Jun-Xin (2013) Huan-Shu-Xun-Zheng-Zi No. GA170962
3.	Class A Waste Treatment Specialist: Hung Ching-Ju (2014) Huan-Shu-Xun-Zheng-Zi No. HA050590

(5) Emissions of CO₂ or other greenhouse gases (GHG) in the most recent 2 fiscal years:

* Influence or degree of impact of the industry on GHG emissions:

(I) Risks of climate change-related laws or regulations for the Company:
<p>Domestic and foreign greenhouse gas emission control regulations are becoming increasingly stringent, and the Environmental Protection Administration of the Executive Yuan has established "greenhouse gas management" related laws and regulations, and designated the first and second batches of businesses whose greenhouse gas emissions shall be inventoried and registered sources of emissions. The Company's greenhouse gas emissions in 2021 reached the scale of the second batch of businesses whose greenhouse gas emissions shall be inventoried and registered, and from 2023 onwards, the Company must disclose the information on its greenhouse gas emissions.</p> <p>Since 2010, the Company has been implementing greenhouse gas inventories to meet its customers' requirements, and has appointed a third-party notary to conduct emissions verification. The Company continues to promote the policy of energy conservation and carbon reduction, and pays attention to changes in relevant domestic and international regulations, understanding the trend of regulations in order to respond in advance and fulfill its corporate social responsibility in environmental protection.</p>
(II) Substantial risks of climate change on the Company:
<ol style="list-style-type: none"> 1. Change in water supply and quality 2. Possible impact from continuous high environmental temperatures 3. Sea level rise and the increase of natural disasters such as heavy rain, typhoons and floods. 4. Increase in frequency and intensity of extreme weather. 5. Indirect impact on the development of the industry through the effect of stakeholders in the industry.
(III) Opportunities arisen from climate change:
<ol style="list-style-type: none"> 1. The efficiency of the use of process resources; less water use and recovery rate increase. 2. Design new standard weatherproof infrastructure; design air conditioning facilities with new standards or existing equipment to improve efficiency. 3. Check existing system for replacement or upgrade; make countermeasures for accidents and natural disasters. 4. Set product life cycles and market development, establish brand awareness and special product features, and increase the balance of work and life flexibility.
(IV) The Company's (direct, indirect) GHG emissions (specify the scope of the check and time), and whether it has passed the external verification:
<p>Verification agency: Bureau Veritas Certification Taiwan Declaration Number: TWN14509539GT/C Rev.1 Scope of Verification:</p> <ul style="list-style-type: none"> ● Cheng Mei Materials Technology Corp. (Control code: R90A0401), located at No. 13, Muzhagang West Road, Shanhua District, Tainan City. ● Check period: From January 1, 2021 to December 31, 2021. <p>Report Boundary and Verification Data:</p> <ul style="list-style-type: none"> ● Category 1: Direct greenhouse gas emissions and removal of 16,653.8729 metric tons CO2 equivalent ● Category 2: Indirect greenhouse gas emissions of 32,413.1200 metric tons CO2 equivalent from input energy ● Category 3: Indirect greenhouse gas emissions of 943.4535 metric tons CO2 equivalent from transportation ● Category 4: Indirect greenhouse gas emissions of 39,640.6957 metric tons CO2 equivalent from product use by the organization
* The Company's strategy, methods and objectives for GHG management:
(I) The Company's strategy for responding to climate change or GHG management:
<ol style="list-style-type: none"> 1. Within the Company: Establish the Company's adaptation strategy, quantify the data or describe the related risks and opportunities. 2. Interaction between the industry and market: Disclose information accordingly, create beneficial tools and experience analysis in the industry, provide technical support to customers and suppliers, or have joint developments to meet purchase demand for products and services.
(II) The Company's reduction target for GHG emissions:
<p>The Company strengthens air pollution control measures for direct GHG emissions in order to reduce emissions. Carry out all types of energy-saving measures and install inverters on high energy-consuming equipment to increase efficiency. By doing so, indirect GHG emissions are reduced by 240 metric tons of CO2-e/year.</p>
(III) The Company's budget and plans for the reduction of GHG emissions:
<p>The total annual electricity consumption in 2022 was 62,792,000 kWh, and the total electricity generated by the solar power generation facilities in the plant was 1,206,054 kWh. All electricity generated was for self-consumption, accounting for 1.92% of the total electricity consumption.</p>
(IV) Carbon reduction effect of the Company's products or services on customers or consumers:
<p>Based on the 2022 GHG emissions, the unit product emissions are projected to be 0.00026 metric tons of CO2-e/PCS.</p>

2. List the Company's investment related to major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced

December 31 2022; Unit: NT\$ thousand

Equipment name	Quantity	Date of acquisition	Investment cost	Undiscounted balance	Use purpose and possible effects to be produced
Wastewater pre-treatment equipment	1 unit	October 2006	25,709	0	Treatment of wastewater for FAB1 office and polarization process
Wastewater pre-treatment equipment	1 unit	February 2010	46,307	0	Treatment of wastewater for FAB2 plant office and polarization process
Washing tower	5 units	October 2006	346,465	0	Treatment of acid-alkali waste gas for FAB1 polarization process
Thermal regenerative flares	1 unit	March 2007	21,539	0	Treatment of VOCs for FAB1 polarization process
Washing tower	5 units	February 2010	76,510	0	Treatment of acid-alkali waste gas for FAB2 polarization process
Thermal regenerative flares	1 unit	June 2010	25,465	0	Treatment of VOCs for FAB2 polarization process
Pulse jet baghouse	2 units	December 2006 February 2008	3,150	0	Treatment of particle contaminants generated during polarizer edge grinding
Concentration system of potassium iodide solution	1 unit	May 2007	22,564	0	Concentration of potassium iodide wastewater for FAB1 polarization process to reduce wastewater generation and treatment
Concentration system of potassium iodide solution	1 unit	April 2010	16,460	0	Concentration of potassium iodide wastewater for FAB2 polarization process to reduce wastewater generation and treatment
Thermal regenerative flares	1 unit	September 2013	26,573	5,284	Treatment of VOCs for FAB2 polarization process
Concentration system of potassium iodide solution	1 unit	December 2013	49,049	0	Concentration of potassium iodide wastewater for FAB1&2 polarization process to reduce wastewater generation and treatment
45CMH boron removal wastewater system and equipment	1 unit	December 2014	32,081	4,540	Improvement of the plant's wastewater discharge, including processing of boron removal wastewater
30CMH boron removal wastewater system and equipment	1 unit	December 2014	43,636	6,047	Improvement of the plant's wastewater discharge, including processing of boron removal wastewater
Fab2 process exhaust system equipment-2	1 unit	October 2018	4,254	3,045	Treatment of acid-alkali waste gas for FAB2 polarization process
Plant II's RTO system	1 unit	November 2019	1,797	1,320	Treatment of acid-alkali waste gas for FAB2 polarization process
Fab2 wastewater system equipment	1 unit	February 2020	3,964	3,275	Treatment of wastewater for FAB2 plant office and polarization process

Recovery equipment for low-concentration KI RO	1 unit	February 2020	236	162	Treatment of wastewater for FAB2 plant office and polarization process
FAB1's reclaimed water phase II project	1 unit	September 2020	230	173	Treatment of wastewater for FAB1 office and polarization process
Concentration system of potassium iodide solution	1 unit	January 2022	165	148	Concentration of potassium iodide wastewater for FAB2 polarization process to reduce wastewater generation and treatment
Phase I equipment of the water recycling system for Plant I	1 unit	March 2022	1,800	1,650	Treatment of wastewater for FAB1 office and polarization process
MBR produced water RO recovery system	1 unit	March 2022	8,780	8,048	Treatment of wastewater for FAB1 office and polarization process
MBR+RO recovery system - Plant I wastewater system	1 unit	March 2022	16,535	15,160	Treatment of wastewater for FAB1 office and polarization process
MBR equipment - Plant I wastewater system	1 unit	March 2022	20,350	18,756	Treatment of wastewater for FAB1 office and polarization process
Phase II RO wastewater recycling system	1 unit	May 2022	9,800	9,165	Treatment of wastewater for FAB2 plant office and polarization process
Concentration system of potassium iodide solution	1 unit	June 2022	2,138	2,074	Concentration of potassium iodide wastewater for FAB1&2 polarization process to reduce wastewater generation and treatment

Any losses (including compensation paid) suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents and total penalties: None.

V. Labor relations:

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

2. Employee benefit plans, continuing education, training

(1) Employee benefit plans

One of the Company's business philosophies is respecting humanity and caring for our employees. In an attempt to fully take care of employees' and their family's physical and mental health and to establish their livelihood protection that allows them to have peace of mind while working at CMMT, the Company provides employees with various benefit plans. Employees of the Company have also set up a welfare committee to oversee plans and facilitation of matters concerning employee benefits.

The current implementation of benefit plans is providing activities, travel allowances and health seminars based on the budget of the welfare committee.

(2) Employee continuing education and training:

Given that the role of education and training is the best way to bring a company and its employees together, CMMT facilitates systematic training and annual training orientation each year, enabling employees to fully enjoy training resources.

A. Comprehensive training for newbies

The Company provides a 2-day training program for new employees, allowing them to get to know the Company and work requirements through a series of course plans.

For administrative and engineering employees, the Company will be adding professional training for process and operation, hoping that by doing so, new employees will have a better understanding of production, process, products and services.

B. Promotion of internal lecturer training program

An “internal lecturer” is the best spokesperson when it comes to knowledge transfer. Based on such notion, the Company has started to gradually promote a professional internal lecturer training program. We gather the knowledge of internal professional personnel and present it systematically, helping the Company to quickly accumulate professional talent cultivation.

C. Implement systematic training in each professional system

All professional employees receive training in accordance with the relevant certification systems. A training theme is selected each year and employees are given a series of functional training courses associated with the theme. Aside from professional personnel, each management level must also carry out different levels of training in accordance with its responsibilities.

(3) Gain more training resources through different types of subsidies:

In an effort to allow employees to have more training resources, the Company promotes diverse training in the plant in line with government plans.

3. Retirement system and its implementation: The implementation status is satisfactory and in compliance with the Labor Standards Act and Labor Pension Act.

(1) Agreements between labor and management: The Company attaches importance to the opinions of our employees and holds labor-management meetings on a regular basis.

(2) Protection of employees’ rights and interests: The Company values the opinions of employees and encourages them to communicate with relevant personnel in an open and transparent manner at all times. The Company also requests company supervisors and related departments to provide prompt responses for the purpose of implementing 2-way communication.

(II) List any losses suffered by the Company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

1. To date, there have been no labor disputes. As there have been no labor disputes, the Company did not suffer any losses due to labor disputes.
2. Current and possible future measures
 - Provide periodic education and training on laws and regulations, strengthen legal awareness and abide by labor laws.
 - Establish open and honest labor-management communication and complaint outlets.
 - Establish an operations management system that is open and for all employees.
3. Possible expenses that could be incurred currently and in the future: The Company upholds a harmonious and ethical management policy. Where there are no other external changes, the relationship between labor and management should remain peaceful and no losses will occur.

VI. Information and Communication Security Management:

1. introduction

The Company’s responsible unit for information security is the Business Management Center, which is led by the Vice President. Consisting of an IT executive and several IT engineers, the Information Management Department is a subsidiary of the Business Management Center. It is in charge of formulating the Company’s information security policy, planning information security measures, and implementing information security operations.

The organization adopts the PDCA (Plan-Do-Check-Act) cycle management to ensure the goals are achieved and improved upon on an ongoing basis.



2. Information security management goals

1. Maintain physical environment security and the uninterrupted operation of various information systems
2. Prevent hacker/virus intrusion and sabotage
3. Prevent unauthorized and illegal use
4. Prepare for contingencies to facilitate quick recovery from a disaster

3. Information security facilities and management methods

1. Computer equipment security management

1.1 The Company is equipped with a dedicated data center to accommodate application servers and storage servers. Only authorized personnel may access the data center, which an access control card reader protects, and all entries and exits are logged.

1.2 The data center has an independent AC system to maintain the computer equipment at an ideal operating temperature. CO2 fire extinguishers are installed to put out general or electrical fires.

1.3 The data center is equipped with a UPS and voltage stabilizer, and it is hooked up to the Company's power generator and power supply system to prevent system malfunction due to sudden blackout by the Taiwan Power Company. This also makes sure that the computer application systems will not be interrupted in the event of a blackout.

2. Network security management

2.1 The portal linking to external networks is equipped with enterprise firewalls to prevent hacker intrusion.

2.2 Taiwan plant and Ningbo plant are linked via site-to-site VPN, where data encryption is implemented to prevent unauthorized interception of data during the transmission process.

2.3 Colleagues logging into the Company's intranet must first apply for a VPN account before they are granted access, and their log-in records are stored for auditing purposes.

2.4 Equipped with Internet access management and screening system to control Internet access and prevent employees from visiting harmful/prohibited websites or contents, thereby bolstering network security and inhibiting the inappropriate use of bandwidth resources.

3. Virus protection and management

3.1 The servers and terminals are equipped with endpoint protection software, where the anti-virus database is automatically updated to stop the latest viruses. At the same time, it can detect and prevent the installation of potentially hazardous executable files.

3.2 The email server is equipped with an email anti-virus and junk mail screening mechanism to prevent viruses or junk mails from reaching the user end.

4. System access control

4.1 Our colleagues must apply for system authorization according to the Company's internal regulations to use various application systems. After approval is received from the direct supervisor, the IT unit will create a system account, where various system managers can allow the user to access various functions depending on the clearance granted.

4.2 To receive approval, the account password must comply with strength, character number, and case

sensitivity/number/special character regulations.

4.3 When the colleagues submit their resignations, they must contact the IT unit to suspend various system accounts.

5.Ensuring the system’s sustainability

5.1 System backup: The off-site backup system has been implemented. Daily backups are made and sent to 2 plants regularly, while another copy is stored in the data center to ensure system and data security.

5.2 Disaster recovery drill: A drill is conducted for the ERP system every 6 months. A system restore date is selected and the backed-up media is restored to the system mainframe to verify the correctness of the restored data. The purpose is to ensure the correctness and validity of the backup system.

5.3 Two data links are leased from the carrier. The bandwidth management system is utilized to form a parallel link that can back each other up to ensure uninterrupted network communication.

4. The Company did not experience any significant cyber attack that impacted the Company's operations in 2022.

VII. Important contracts:

Nature of the contract	Party	Commencement date of the contract	Main content	Restrictions	Remark
Technical License Contract	The Company and Kunshan CMMT	Both parties signed the “Technical License Contract” on March 17, 2017. The contract is retroactive to December 1, 2016, and effective until December 1, 2022.	Polarization Technology Licensing	Not applicable	Description 1
Technical License Contract	Kunshan CMMT, Hangzhou Jinjiang Group Company Ltd., Shenzhen Sapo Photoelectric Co., Ltd., and Nitto Electric Industrial Co., Ltd.	Kunshan CMMT, Hangzhou Jinjiang Group Company Ltd., Shenzhen Sapo Photoelectric Co., Ltd., and Nitto Electric Industrial Co., Ltd., entered into a 4-way technical collaboration contract for polarizer on November 6, 2017.	Polarization Technology Licensing	Not applicable	Description 2
Technical License Contract-Supplement agreement	The Company and Hengmei (formerly Kunshan CMMT)	Both parties signed in Nov 2020.	Polarization Technology Licensing		Description 4
Share transfer agreement	The Company and HSHM Holding Limited	Both parties signed on Nov 30 2021.	ChiMei Materials Technology investment Co., Ltd Shares		Description 5
Share transfer agreement-Supplement agreement	The Company and HSHM Holding Limited	Both parties signed on April 20, 2022.	Amendant of original agreement article 4.02(b)		Description 6
Third Supplemental Confirmation Agreement to the Share Transfer Agreement	The Company and Blessing Well Enterprise Limited	The date of execution between the parties is July 28, 2022.	Change in the method of delivery payment in the original agreement		Description 7

Description 1: The contract is a “Polarization Technology Licensing Contract with Kunshan CMMT” approved by the audit committee and the board of directors on March 10, 2015. Both parties signed a subsequent “Technology Licensing Contract” for the construction progress and mass production schedule of Kunshan CMMT on March 17, 2017, which is retroactive to December 1, 2016, and effective until December 1, 2022.

Description 2: The contract is a Polarization Technology Licensing Contract jointly signed by the Company’s major subsidiary Kunshan CMMT, Hangzhou Jinjiang Group Company Ltd., Shenzhen Sapo Photoelectric Co., Ltd., and Nitto Electric Industrial Co., Ltd., approved by the audit committee and the board of directors on November 2, 2017. The world’s most advanced manufacturing technology will be introduced, and with the utilization rate of large-size LCD panel cutting, the utilization rate for unit capacity will increase while reducing manufacturing costs, further increasing the Company’s competitiveness. By entering the Chinese panel market, the interests of our shareholders are expected to be maximized.

Description 3: Kunshan CMMT completed the share conversion and changed its name to Hengmei Optoelectronic Corporation.

Description 4: Adjustments were made to certain provisions of the " Technical License Contract " signed between both parties on December 1, 2016, as they were not suitable for the current development situation.

Description 5: On November 1 2021, the Board of Directors approved the signing of a Memorandum of Understanding with the trading partner, The Company and HSHM Holding Limited., a company registered in the British Virgin Islands. On December 29, 2021, The extraordinary shareholders' meeting approved the disposal of Chi Mei Material Technology Investment Co., Ltd., a company registered in Samoa.

Description 6: Due to the outbreak and lockdown in Shanghai, China, in accordance with the agreed provision 4.02(b) of the original agreement, the buyer is required to transfer 80% of the transfer price (equivalent to 140 million US dollars) in full through a cash wire transfer by May 31, 2022. Additionally, starting from April 20, 2022, until the buyer completes the payment of the aforementioned 140 million US dollars, a compensation amount calculated at an annual interest rate of 5% shall be paid.

Description 7: The Purchaser shall remit the balance of the RMB equivalent of US\$80,840,610 less the amount remitted by the Purchaser to the Supervisory Account to the account designated by the Seller by August 3, 2022, and the Seller shall be entitled to immediately and unconditionally dispose of such amount freely and unilaterally. The Purchaser shall provide the Seller with a total of US\$80,840,610 in U.S. Dollars (the "US\$ Currency Payment") in one lump sum or by installments from the date of this Third Supplemental Agreement until April 18, 2023. Provided that the Buyer has fully completed the payment of the RMB Delivery Amount and the Compensation Amount, the Buyer shall have the right to request the Seller to remit the same proportion of the RMB Delivery Amount as the proportion of the USD Delivery Amount received at the same time when the Seller receives the payment of the USD Delivery Amount in one lump sum or in each installment.

VIII. Other matters that require additional description: None.

Six. Overview of the Company's Financial Status

I. Summary of financial data for the most recent 5 fiscal years

(I) Condensed balance sheets and statements of comprehensive income

1. Condensed balance sheet

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 fiscal years (Note 1)					As 2023 March 31 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		13,498,543	5,848,229	6,249,367	11,266,528	10,481,657	10,660,891
Property, plant and equipment		10,693,045	4,358,111	4,000,705	3,981,346	4,056,527	4,032,017
Intangible assets		91,846	32,087	8,508	12,637	11,914	12,338
Other assets		2,950,483	3,975,080	4,313,095	483,087	515,262	681,015
Total assets		27,233,917	14,213,507	14,571,675	15,743,598	15,065,360	15,386,261
Current liabilities	Before distribution	12,629,552	4,515,885	4,595,888	4,570,144	2,208,732	4,150,964
	After distribution	12,629,552	4,515,885	4,595,888	4,570,144	Note 3	Note 2
Non-current liabilities		419,596	22,859	354,171	700,255	1,885,730	1,638,803
Total liabilities	Before distribution	13,049,148	4,538,744	4,950,059	5,270,399	4,094,462	5,789,767
	After distribution	13,049,148	4,538,744	4,950,059	5,270,399	Note 3	Note 2
Equity attributable to owners of the parent company		10,484,265	9,658,762	9,621,616	10,473,199	10,970,898	9,596,494
Share capital		6,657,285	6,657,285	6,657,285	6,755,335	6,750,849	5,728,818
Capital reserve		851,689	944,026	938,942	1,099,205	756,883	594,577
Retained earnings	Before distribution	3,422,821	2,734,312	2,648,757	3,411,949	3,874,067	3,681,174
	After distribution	3,422,821	2,734,312	2,648,757	3,411,949	Note 3	Note 2
Other equity		(447,530)	(676,861)	(623,368)	(793,290)	(410,901)	(408,075)
Treasury stock			-	-	-	-	-
Non-controlling interest		3,700,504	16,001	-	-	-	-
Total equity	Before distribution	14,184,769	9,674,763	9,621,616	10,473,199	10,970,898	9,596,494
	After distribution	14,184,769	9,674,763	9,621,616	10,473,199	Note 3	Note 2

* If the Company has prepared parent only financial statements, it should also prepare separate parent only financial statements and statements of comprehensive income for the most recent 5 fiscal years.

* The following table (2) should be prepared separately for those who have adopted IFRSs for less than 5 years with information using Taiwan's Financial Accounting Standards.

Note 1: Information for the most recent 5 fiscal years has been audited by CPAs.

Note 2: Information has been audited by CPAs.

Note3: Pending resolution by shareholders' meeting.

2. Condensed statements of comprehensive income:

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 fiscal years (Note 1)					As 2022 March 31 (Note 2)
		2018	2019	2020	2021	2022	
Operating income		12,767,162	14,896,250	9,456,875	11,134,393	9,499,682	1,856,990
Gross profit margin		561,954	569,478	307,753	908,766	777,100	(13,169)
Operating profit and loss		(606,868)	(450,166)	(269,648)	197,783	16,032	(215,540)
Non-operating income and expenditure		(465,992)	(288,682)	179,071	633,308	446,689	(8,645)
Net income before tax		(1,072,860)	(738,848)	(90,577)	831,091	462,721	(224,185)
Continuing operations Net profit for the period		(1,048,146)	(760,446)	(91,471)	763,192	462,118	(192,893)
Loss of discontinued operations		-	-	-	-	-	-
Net income (loss) for the period		(1,048,146)	(760,446)	(91,471)	763,192	462,118	(192,893)
Other comprehensive income for the period (Net after tax)		(265,446)	(367,340)	53,493	(91,041)	(37,499)	7,711
Total comprehensive income for the period		(1,313,592)	(1,127,786)	(37,978)	672,151	424,619	(197,350)
Net income attributable to owners of the parent company		(655,080)	(688,559)	(85,555)	763,192	462,118	(192,893)
Net income attributable to non-controlling equity		(393,066)	(71,887)	(5,916)	-	-	-
Total comprehensive income attributable to owners of the parent company		(856,386)	(917,840)	(32,062)	672,151	424,619	(197,350)
Comprehensive income attributable to non-controlling interests		(457,206)	(209,946)	(5,916)	-	-	-
Earnings per share		(0.98)	(1.03)	(0.13)	1.15	0.69	-0.30

* If the Company has prepared parent only financial statements, it should also prepare separate parent only financial statements and statements of comprehensive income for the most recent 5 fiscal years.

* The following table (2) should be prepared separately for those who have adopted IFRSs for less than 5 years with information using Taiwan's Financial Accounting Standards.

Note 1: Information for the most recent 5 fiscal years has been audited by CPAs.

3. Parent only condensed balance sheet

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		5,468,026	4,924,282	4,672,123	9,477,494	9,286,002
Funds and investments		5,600,735	4,446,641	5,038,768	1,419,291	1,522,378
Fixed assets		4,136,296	3,854,530	3,628,623	3,638,963	3,742,279
Intangible assets		13,735	8,273	7,153	11,777	11,527
Other assets		397,909	274,618	307,567	394,181	452,951
Total assets		15,616,701	13,508,344	13,654,234	14,941,706	15,015,137
Current liabilities	Before distribution	4,909,717	3,553,868	3,678,447	3,768,252	2,158,509
	After distribution	4,909,717	3,553,868	3,678,447	3,768,252	Note 2
Long-term liabilities		200,000	-	318,028	477,411	1,655,205
Other liabilities		22,719	295,714	36,143	222,844	230,525
Total liabilities	Before distribution	5,132,436	3,849,582	4,032,618	4,468,507	4,044,239
	After distribution	5,132,436	3,849,582	4,032,618	4,468,507	Note 2
Share capital		6,657,285	6,657,285	6,657,285	6,755,335	6,750,849
Capital reserve		851,689	944,026	938,942	1,099,205	756,883
Retained earnings	Before distribution	3,422,821	2,734,312	2,648,757	3,411,949	3,874,067
	After distribution	3,422,821	2,734,312	2,648,757	3,411,949	Note 2
Other equity		(447,530)	(676,861)	(623,368)	(793,290)	(410,901)
Total equity	Before distribution	10,484,265	9,658,762	9,621,616	10,473,199	10,970,898
	After distribution	10,484,265	9,658,762	9,621,616	10,473,199	Note 2

* If the Company has prepared parent only financial statements, it should also prepare separate parent only financial statements and statements of comprehensive income for the most recent 5 fiscal years.

* The following table (2) should be prepared separately for those who have adopted IFRSs for less than 5 years with information using Taiwan's Financial Accounting Standards.

Note 1: Information for the most recent 5 fiscal years has been audited by CPAs.

Note 2: Pending resolution by shareholders' meeting.

4. Parent only condensed statements of comprehensive income:

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent 5 fiscal years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	8,242,816	8,071,052	8,757,795	10,226,758	8,810,516
Gross profit margin	205,451	(245,812)	11,259	499,692	589,444
Operating profit and loss	(254,786)	(712,263)	(431,260)	(120,332)	(109,376)
Non-operating income and expenditure	(400,294)	25,891	345,705	951,393	572,097
Net income before tax	(655,080)	(686,372)	(85,555)	831,061	462,721
Net income of continuing operations for the period	(655,080)	(688,559)	(85,555)	763,192	462,118
Loss of discontinued operations	-	-	-	-	-
Net income (loss) for the period	(655,080)	(688,559)	(85,555)	763,192	462,118
Other comprehensive income for the period (Net after tax)	(201,306)	(229,281)	53,493	(91,041)	(37,499)
Total comprehensive income for the period	(856,386)	(917,840)	(32,062)	672,151	424,619
Earnings per share	(0.98)	(1.03)	(0.13)	1.15	0.69

* If the Company has prepared parent only financial statements, it should also prepare separate parent only financial statements and statements of comprehensive income for the most recent 5 fiscal years.

* The following table (2) should be prepared separately for those who have adopted IFRSs for less than 5 years with information using Taiwan's Financial Accounting Standards.

Note 1: Information for the most recent 5 fiscal years has been audited by CPAs.

(II) Names of the certified public accountants and the auditor's opinion given for the most recent 5 fiscal years:

1. Names of the certified public accountants and the auditor's opinion given for the most recent 5 fiscal years

Year	Name of the accounting firm	CPA	Audit opinion
2018	PwC Taiwan	Lin Yi-Chang, Liu Tzu-Meng	Unqualified opinion plus the section of material uncertainty and other matters associated with continuing operations
2019	PwC Taiwan	Liu Tzu-Meng, Wu Chien-Chih	Unqualified opinion
2020	PwC Taiwan	Liu Tzu-Meng, Wu Chien-Chih	Unqualified opinion
2021	PwC Taiwan	Wu Chien-Chih, Liu Tzu-Meng	Unqualified opinion
2022	PwC Taiwan	Wu Chien-Chih, Liao A-Shen	Unqualified opinion

2. If there has been a change of accountants in the most recent 5 fiscal years, the Company, the former and the successor accountants shall explain the reason for the change

Year	Former accountant	Successor accountant	Reason of change
2018	Chen Ming-Hui, Huang Shu-Chieh	Lin Yi-Chang, Liu Tzu-Meng	To accompany the Company's long-term strategic development and internal management needs.
2019	Lin Yi-Chang, Liu Tzu-Meng	Liu Tzu-Meng, Wu Chien-Chih	Due to the routine rotation of accounting duties within PwC.
2022	Liu Tzu-Meng, Wu Chien-Chih	Wu Chien-Chih, Liao A-Shen	Due to the routine rotation of accounting duties within PwC.

3. If the financial statements have been reviewed and audited by the same accountants for the most recent 5 fiscal years since the public offering, the reason for not changing the accountants, the independence of the current CPAs and countermeasures in regard to the straightening the independence of accountants: Not applicable.

II. Financial analyses for the most recent 5 fiscal years:

1. Financial analysis:

Unit: NT\$ thousand

Year (Note 1) Analysis Item (Note 3)		Financial analysis for the most recent 5 fiscal years					For the year ended on March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio	47.92%	31.93%	33.97%	33.48%	27.18%	37.63%
	Long-term capital to property, plant and equipment ratio	136.37%	221.99%	248.45%	275.05%	311.25%	273.21%
Solvency (%)	Liquidity ratio	106.88%	129.50%	135.98%	246.52%	474.56%	256.83%
	Quick ratio	73.72%	79.96%	76.03%	186.93%	354.90%	190.79%
	Times interest earned	-269.21%	-122.09%	-33.95%	1220.88%	599.51%	-866.65%
Operating capacity	Turnover of receivables (per time)	3.13	4.28	3.77	3.89	4.06	0.94
	Average collection days for receivables	116.595	85.299	96.918	93.720	89.977	388.319
	Inventory turnover (per time)	2.80	3.64	3.23	3.80	3.13	0.65
	Payables turnover (per time)	4.89	7.24	7.56	10.64	10.84	1.93
	Average days for sale	130.46	100.143	112.948	96.141	116.495	560.492
	Turnover of property, plant, and equipment (per time)	1.17	1.98	2.26	2.79	2.36	0.46
	Total assets turnover (per time)	0.50	0.72	0.66	0.73	0.62	0.12
Profitability	Return on assets (%)	-3.22%	-2.39%	-0.26%	5.43%	3.48%	-1.15%
	Return on equity (%)	-7.63%	-6.37%	-0.95%	7.60%	4.31%	-1.88%
	Ratio of income before tax to paid-in capital (%) (Note 7)	-16.12%	-11.10%	-1.36%	12.30%	6.85%	-3.91%
	Net profit margin	-8.21%	-5.10%	-0.97%	6.85%	4.86%	-10.39%

	Earnings per share (NT\$)	-0.98	-1.03	-0.13	1.15	0.69	-0.30
Cash flow	Cash flow ratio (%)	-8.55%	16.01%	-7.88%	2.29%	90.82%	-13.74%
	Cash flow adequacy ratio (%)	15.66%	0.69%	-24.42%	-22.31%	15.00%	34.37%
	Cash re-investment ratio (%)	-4.29%	3.64%	-1.78%	0.48%	8.49%	-2.61%
Leverage	Operating leverage	-1.81	-2.65	-2.19	9.72	113.05	-0.81
	Financial leverage	0.68	0.58	0.80	1.6	-0.21	0.90

Please explain the reasons for the changes in various financial ratios over the past two years.

1. Debt paying ability (current ratio, quick ratio, interest coverage ratio): current ratio and quick ratio reduce current liabilities due to the reduction of short-term borrowings, and interest coverage ratio reduce pre tax net income of income tax and interest expenses due to the increase of interest expenses due to inflation and interest increase, the decline of revenue, and the reduction of recognized investment profit and loss share.
2. Operating capacity (average sales days): Due to a decline in revenue and a decrease in inventory turnover, the average sales days have increased.
3. Profitability (return on assets, return on equity, ratio of pre tax net profit to paid in capital, net profit ratio, earnings per share): Due to a decline in revenue and a decrease in the recognized share of gains and losses recognized by long-term investment.
4. Cash flow (cash flow ratio, cash flow adequacy ratio, cash reinvestment ratio): Cash increases due to a decrease in accounts receivable and an increase in accounts payable.
5. Leverage (operational leverage, financial leverage): Due to a decline in revenue.

* If the company has prepared parent only financial reports, it should prepare a separate parent only financial ratio analysis.

* The following table (2) should be prepared separately for those who have adopted IFRSs for less than 5 years with information using Taiwan's Financial Accounting Standards.

Note 1: Information for the most recent 5 fiscal years has been audited by CPAs.

Note 2: Listed companies or companies whose shares are traded on the stock exchange should include the financial information reviewed by CPAs of the previous quarter and current year up to the date of publication of the annual report

Note 3: The calculation formulas shall be listed at the end of the table of the annual report.

1. Financial Structure

(1) Debt-to-asset Ratio = total liabilities/total assets.

(2) Ratio of Long-term Funds to Property, Plant, and Equipment = (total equity + non-current liabilities)/net worth of property, plant, and equipment.

2. Solvency

(1) Liquidity Ratio = current assets/current liabilities.

(2) Quick Ratio = (current assets – inventory – prepaid expenses)/current liabilities.

(3) Times Interest Earned = income before income tax and interest expenses/current interest expenses.

3. Operating Capacity

(1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = net sales amount/average receivables (including accounts receivable and notes receivable arising from business operations) for each period.

(2) Average Collection Days for Receivables = 365/turnover of receivables.

(3) Inventory Turnover = cost of goods sold/average inventory.

(4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = cost of goods sold/average payables (including accounts payable and notes payable arising from business operations) for each period.

(5) Average Days of Sale = 365/inventory turnover.

(6) Turnover of Property, Plant, and Equipment = net sales amount/average net worth of property, plant, and equipment.

(7) Total Assets Turnover = net sales amount/average total assets.

4. Profitability

(1) Return on Assets = [net income + interest expenses (1 - tax rate)]/average total assets.

(2) Return on Equity = net income/average total equity.

(3) Net profit margin = net income/net sales amount.

(4) Earnings per Share (EPS) = (profit and loss attributable to owners of the parent – dividends on preferred shares)/weighted average number of issued shares. (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = net cash flow from operating activities/current liabilities.

(2) Net Cash Flow Adequacy Ratio = net cash flow from operating activities for the most recent five years/(capital expenditures + inventory increase + cash dividends) for the most recent 5 years.

(3) Cash Re-investment Ratio = (net cash flow from operating activities - cash dividends)/gross property, plant, and equipment value + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses)/operating income (Note 6)

(2) Financial Leverage = operating income/(operating income - interest expenses).

Note 4: The above formula for calculating earnings per shares should pay special attention to the following when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5: Special attention should be paid to the following when analyzing cash flows:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than their balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Fixed assets means the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the Company's shares are no-par or not in the denomination of NT\$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

2. Analysis of parent only financial ratios:

Unit: NT\$ thousand

Analysis Item (Note 2)		Financial analysis for the most recent 5 fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	32.87%	28.50%	29.53%	29.91%	26.93%
	Long-term capital to property, plant and equipment ratio	258.31%	257.66%	273.92%	300.93%	337.39%
Solvency (%)	Liquidity ratio	111.37%	138.56%	127.01%	251.51%	430.20%
	Quick ratio	63.18%	89.04%	72.02%	201.11%	333.80%
	Times interest earned	-2610.19%	-1,658.92%	-89.23%	1,170.49%	611.14%
Operating capacity	Turnover of receivables (per time)	3.15	3.55	4.33	4.84	4.09
	Average collection days for receivables	115.72	102.77	84.24	75.43	89.16
	Inventory turnover (per time)	3.11	3.32	4.03	4.64	3.97
	Payables turnover (per time)	4.29	5.97	7.15	9.97	9.74
	Average days for sale	117.49	110.04	90.49	78.73	91.88
	Turnover of property, plant, and equipment (per time)	1.89	2.02	2.34	2.81	2.39
	Total assets turnover (per time)	0.54	0.55	0.64	0.72	0.59
Profitability	Return on assets (%)	-4.14%	-4.51%	-0.36%	5.70%	3.57%
	Return on equity (%)	-6.00%	-6.84%	-0.89%	7.60%	4.31%
	Ratio of income before tax to paid-in capital (%) (Note 7)	-9.84%	-10.31%	-1.29%	12.30%	6.85%
	Net profit margin	-7.95%	-8.53%	-0.98%	7.46%	5.25%
	Earnings per share (NT\$)	-0.98	-1.03	-0.13	1.15	0.69
Cash flow	Cash flow ratio (%)	-11.05%	5.07%	-12.71%	-4.39%	48.55%
	Cash flow adequacy ratio (%)	139.98%	174.74%	31.93%	47.47%	3.26%
	Cash re-investment ratio (%)	-2.79%	1.06%	-2.41%	-0.80%	4.66%
Leverage	Operating leverage	-2.23	-0.24	-0.96	-11.38	-13.06
	Financial leverage	0.91	1.00	0.9051	0.6494	0.5478

Please explain the reasons for the changes in various financial ratios over the past two years.

1. Debt paying ability (current ratio, quick ratio, interest coverage ratio): current ratio and quick ratio reduce current liabilities due to the reduction of short-term borrowings, and interest coverage ratio reduce pre tax net income of income tax and interest expenses due to the increase of interest expenses due to inflation and interest increase, the decline of revenue, and the reduction of recognized investment profit and loss share.

2. Profitability (return on assets, return on equity, ratio of pre tax net profit to paid in capital, net profit ratio, earnings per share): Due to a decline in revenue and a decrease in the recognized share of gains and losses recognized by long-term investment.

3. Cash flow (cash flow ratio, cash flow adequacy ratio, cash reinvestment ratio): Cash increases due to an increase in accounts payable.

* If the company has prepared parent only financial reports, it should prepare a separate parent only financial ratio analysis.

* The following table (2) should be prepared separately for those who have adopted IFRSs for less than 5 years with information using Taiwan's Financial Accounting Standards.

Note 1: Information for the most recent 5 fiscal years has been audited by CPAs.

Note 2: The calculation formulas listed shall be calculated with the following formula:

1. Financial Structure

(1) Debt-to-asset Ratio = total liabilities/total assets.

(2) Ratio of Long-term Funds to Property, Plant, and Equipment = (total equity + non-current liabilities)/net worth of property, plant, and equipment.

2. Solvency

(1) Liquidity Ratio = current assets/current liabilities.

(2) Quick Ratio = (current assets – inventory – prepaid expenses)/current liabilities.

(3) Times Interest Earned = income before income tax and interest expenses/current interest expenses.

3. Operating Capacity

(1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = net sales amount/average receivables (including accounts receivable and notes receivable arising from business operations) for each period.

(2) Average Collection Days for Receivables = 365/turnover of receivables.

(3) Inventory Turnover = cost of goods sold/average inventory.

(4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = cost of goods sold/average payables (including accounts payable and notes payable arising from business operations) for each period.

(5) Average Days of Sale = 365/inventory turnover.

(6) Turnover of Property, Plant, and Equipment = net sales amount/average net worth of property, plant, and equipment.

(7) Total Assets Turnover = net sales amount/average total assets.

4. Profitability

(1) Return on Assets = [net income + interest expenses (1 - tax rate)]/average total assets.

(2) Return on Equity = net income/average total equity.

(3) Net profit margin = net income/net sales amount.

(4) Earnings per Share (EPS) = (profit and loss attributable to owners of the parent – dividends on preferred shares)/weighted average number of issued shares. (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = net cash flow from operating activities/current liabilities.

(2) Net Cash Flow Adequacy Ratio = net cash flow from operating activities for the most recent five years/(capital expenditures + inventory increase + cash dividends) for the most recent 5 years.

(3) Cash Re-investment Ratio = (net cash flow from operating activities - cash dividends)/gross property, plant, and equipment value + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses)/operating income (Note 6)

(2) Financial Leverage = operating income/(operating income - interest expenses).

Note 4: The above formula for calculating earnings per shares should pay special attention to the following when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.

2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.

3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.

4. If the preferred shares are non-convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5: Special attention should be paid to the following when analyzing cash flows:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow of capital flows.

3. The increase in inventories shall only be credited when the balance at the end of the period is greater than their balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.

4. Cash dividends include cash dividends for common stock and special shares.

5. Fixed assets means the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the Company's shares are no-par or not in the denomination of NT\$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company

III. Audit committee's report for the most recent fiscal year's financial statement:

**Cheng Mei Materials Technology Corporation
Audit Committee's Review Report**

The Board of Directors has made and submitted the Company's 2022 financial statement, the business report, and the plan of earning distribution chart to us. The Audit Committee found no discrepancy between the reported documents and facts after verifying. The Audit Committee hereby produced and sent forth the report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To: Cheng Mei Materials Technology Corp. 2023 Annual General Meeting

Chairman of Audit Committee: Wei-Ting Liu

February 13, 2023

- IV. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: Please visit company website: www.cmmt.com.tw**
- V. A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items: Please visit company website: www.cmmt.com.tw**

VI. If the Company or its affiliated enterprises have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

The extraordinary meeting of the board of directors held on January 14, 2019, regarding the replacement of the chairperson caused an unstable situation in terms of management rights. The creditor banks held reservations with respect to the uncertainty of the chairperson; therefore, all banks froze the Company's credit lines.

During the period of line freeze, regardless of numerous communication and discussion carried out with the banks, the terms offered by the banks did not satisfy CMMT and some directors, the banks did not unfreeze the credit lines as a result. The company's working capital continued to shrink due to bank financing repayments that were due in succession and the continuous outflow of funds for prepayments. In order to maintain and stabilize the normal operation of the company, the company's board of directors decided to apply to the Industrial Bureau of the Ministry of Economic Affairs for creditor's rights and debt consultation on March 22, 2019. On April 3, 2019, a letter sent by the Industrial Development Bureau was forwarded to the largest creditor bank notifying them to host the debt negotiation process, and on July 26, 2019, all creditor financial institutions agreed in writing.

On January 31, 2020, the Company's board of directors resolved to apply for debt negotiation from the Industrial Development Bureau; on February 19, 2020, a letter sent by the Industrial Development Bureau was forwarded to the largest creditor bank suggesting them to host the debt negotiation meeting as well as handling matters in relation to the debt negotiation; on February 21, 2020, the largest creditor bank held a meeting of all creditor financial institutions for debt negotiation; on February 27, 2020, a letter was received from the largest creditor bank for the minutes of the meeting held on February 21, 2020 regarding the debt negotiation; and on April 14, 2020, the creditor bank notified that the extension of debt was extended for one year (until March 31, 2021), decided by more than two-thirds of the total creditor banks.

On December 18, 2020, the Company's board of directors resolved to apply for debt negotiation from the Industrial Development Bureau; on December 23, 2020, a letter sent by the Industrial Development Bureau was forwarded to the largest creditor bank suggesting them to host the debt negotiation meeting as well as handling matters in relation to the debt negotiation; on December 30, 2020, the largest creditor bank held a meeting of all creditor financial institutions for debt negotiation; and on January 26, 2021, a letter was received from the largest creditor bank for the minutes of the meeting held on December 30, 2020 regarding the debt negotiation.

The Company received a notice from our largest creditor bank on March 31, 2021 that the application for the extension of the deadline of creditor's rights and debts was approved by more than half of the total creditor's rights in the group of banks for another one year (till March 31 2022).

The Board passed a motion on November 1, 2021 to apply for creditor's rights and debts negotiation to the Industrial Development Bureau, Ministry of Economic Affairs; then, on December 28, 2021, the Company received an official letter forwarded by the Industrial Development Bureau suggesting that the largest creditor bank hold a creditor's rights and debts negotiation meeting, and the bank took over and held a negotiation meeting. Meanwhile, the Company signed a three-year medium- and long-term syndicated loan worth NT\$4.6 billion on December 28, 2021, to repay the financial institutions' existing liabilities, increase the working capital, and purchase materials, and the creditor's rights and debts negotiation mechanism will be lifted before March 31, 2022, allowing the Company's operations to return to normal.

Seven. Review and analysis of the Company's financial position and financial performance, and a listing of risks

I. Financial position analysis

Unit: NT\$ thousand; %

Accounting item	2021		2022		Change in increase or decrease	
	Amount	% (Note 1)	Amount	% (Note 1)	Amount	% (Note 2)
Current assets	11,266,528	72	10,481,657	70	(784,871)	(7)
Long-term investment	28,461	0	12,907	0	(15,554)	(55)
Fixed assets	3,981,346	25	4,056,527	27	75,181	2
Other assets	467,263	2	514,269	3	47,006	10
Total assets	15,743,598	100	15,065,360	100	(678,238)	(4)
Current liabilities	4,570,144	29	2,208,732	15	(2,361,412)	(52)
Long-term liabilities	477,411	3	1,655,205	11	1,177,794	247
Other liabilities	222,844	1	230,525	2	7,681	3
Total liabilities	5,270,399	33	4,094,462	27	(1,175,937)	(22)
Share capital	6,755,335	43	6,750,849	45	(4,486)	0
Capital reserve	1,099,205	7	756,883	5	(342,322)	(31)
Accumulated surplus	3,411,949	22	3,874,067	26	462,118	14
Other equity	(793,290)	(5)	(410,901)	(3)	382,389	(48)
Non-controlling interest	-	-	-	-	-	-
Total shareholders' equity	10,473,199	67	10,970,898	73	497,699	5

Note 1: % refers to the same type of ratio of the subject in each related statement.

Note 2: % is the rate of change calculated from 100% of the previous year.

Description of major variations (increase or decrease ratio reaching 20% or more and its amount of change reaches N\$10 million) of accounting items:

1. Long term investment: caused by fair value evaluation adjustments.
2. Other assets: The Company is purchasing equipment in response to market needs including continuous supply to new customers and in line with customers' high-end product requirements.
3. Current liabilities: Due to the replacement of the insured party, the bank limit cannot be transferred in a short period of time, and all letters of credit are issued in cash and matured bills and bonds are repaid during the period, resulting in a significant reduction in the short-term financing amount.
4. Long term liabilities: This is due to the transfer of medium and long term joint loan credit lines to resolve debt negotiations.
5. Capital reserve: This is due to the resolution of the shareholders' meeting in 2022 to distribute cash dividends of 337,767 based on capital wages.
6. Other equity: Restricted stock awards were issued.

II. Financial performance

* Financial performance analysis:

Unit: NT\$ thousand; %

Accounting item	Year		2021		2022		Change in increase or decrease	
	Amount	% (Note 1)	Amount	% (Note 1)	Amount	% (Note 2)		
Total operating income								
Less: Sales returns and discounts								
Net operating income	11,134,393	100	9,499,682	100	(1,634,711)	(15)		
Operating costs	10,225,627	92	8,722,582	92	(1,503,045)	(15)		
Realized (unrealized) gross profit on sales between affiliated companies								
Realized gross profit margin	908,766	8	777,100	8	(131,666)	(14)		
Operating expenses	710,983	6	761,068	8	50,085	7		
Operating profit	197,783	2	16,032	0	(181,751)	(92)		
Non-operating income and expenditure	633,308	6	446,689	5	(186,619)	(29)		
Net income before tax for the period	831,091	7	462,721	5	(368,370)	(44)		
Income tax (expense) gains	(67,899)	(1)	(603)	0	67,296	(99)		
Net profit for the period	763,192	7	462,118	5	(301,074)	(39)		

Note 1: % refers to the same type of ratio of the subject in each related statement.

Note 2: % is the rate of change calculated from 100% of the previous year.

Description of analysis of increase or decrease ratio change (increase or decrease ratio reaching 20%):

1. Operating profit: mainly due to a decrease in revenue.
2. Non operating income and expenses: The main difference is due to exchange gains and losses and recognition of related enterprises and investment gains and losses.
3. Pre tax net profit for the current period: mainly due to a decrease in revenue and a decrease in the recognized profit and loss share of long-term investment.
4. Income tax expenses: mainly due to deferred income tax liabilities arising from overseas investment income recognized in 2021.
5. Net profit for the current period: mainly due to a decrease in revenue and a decrease in the recognized profit and loss share of long-term investment.

* Possible impact on the company's future financial operations and response plans regarding the expected sales volume in the coming year and their basis:

In 2023, the global economic recovery is still weak, and in the low industrial environment, the company continues to develop high-value products, focusing on optimizing sales mix to avoid falling into volume competition.

III. Cash flow analysis:

Analyze and explain of any changes over the most recent fiscal year in the company's cash flows; describe how the company plans to address any illiquidity problems; and provide an analysis of the company's cash liquidity for the coming fiscal year

(I) Cash flow changes during the most recent fiscal year:

Unit: NT\$ thousand

Item	2021	2022	Amount change
Business activities	104,623	2,005,959	1,901,336
Investment activities	(639,710)	5,018,771	5,658,481
Financing activities	815,362	(1,872,702)	-2,688,064
Total	280,275	5,152,028	4,871,753

Analysis of cash flow changes:

1. Operating activities: The net profit before tax in 2022 increased compared to 2021 due to a decrease in accounts receivable and an increase in accounts payable, resulting in a net cash inflow from operating activities in 2022.
2. Investing activities: The Company's disposal of non current proceeds for sale increased, resulting in a net cash inflow from investment activities.
3. Financing activities: The repayment of long-term and short-term loans has increased, resulting in an increase in net cash outflows from financing activities.

(II) Corrective measures to be taken in response to illiquidity:

1. Continue to strengthen and control the Company's inventory stock to reduce the Company's unnecessary capital.
2. At the end of 2022, the Company's consolidated cash and cash equivalents were NT \$5,798,686 thousand, which was higher than the total liabilities and had good liquidity.

(III) Liquidity analysis for the coming year (2022)

Unit: NT\$ thousand

Opening Cash Balance (1)	Estimated annual net cash flows from operating activities (2)	Estimated annual cash inflows (3)	Estimated remaining cash (1)+(2)+(3)	Responsive measures and liquidity analysis for expected cash flow deficit	
				Investment plan	Financial plan
5,798,686	38,550	(577,637)	4,560,451	-	-

Analysis of cash flow changes for the coming year:

- A. Operating activities: Operating conditions continue to improve, and the business continues to generate cash inflows.
- B. Investment activities: Invest in process improvement, production capacity optimization and production capacity debottlenecking capital expenditures.
- C. Financing activities: It is estimated that the capital reduction will be about NT \$1 billion in 2023 to improve shareholders' equity.

IV. The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year:

(I) Major capital expenditures and sources of funds:

The material capital expenditure in 2022 was NT\$ 480 million. The expenditure is planned to be implemented from the year 112 to 113, in line with the project plan, to support the development of high-value products, enhance resource recycling efficiency, and automate production line layouts. The funding for this project will be provided from internal resources.

(II) Possible effects to be produced:

The Company continues to improve its production processes, while introducing new technologies and materials and debottlenecking existing production lines. By optimizing production cost, the added value and quality of products can be improved.

(III) Investment plan for the coming year: In 2023, we will continue the mid-term business policy of 2022, focusing on strengthening the development of high-value products, enhancing resource recycling efficiency, and automating production line layouts.

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

(I) Reinvestment policy for the most recent fiscal year:

The Company's investment policy is based on the industry's development and operational needs. In line with costumers we plan supply chain layout, and the Company's consideration is the principle of long-term strategic investments instead of short-term financial investments.

(II) The main reasons for the profits or losses generated or the most recent fiscal year (2022)

December 31, 2022; Unit: NT\$ thousand

Investment business name	Shareholding Ratio	Investment gain or loss recognized	Main reason for the gain or loss	Improvement plan
CMMT (Samoa)	100%	139,401	Recognized as the investment income of Ningbo CMMT.	None
CMVT	22.96%	(19,265)	The introduction of products to the panel maker was behind; the panel maker's technology for high-resolution production is not yet mature.	Enhance roller yields and increase customer orders
Ningbo CMMT	100%	139,401	Product selling prices improved slightly in 2020.	Introduce new materials and reduce costs; products will continue to be high quality to improve profit
Chi Mei Materials Technology Investment Co., Ltd.	-	-	Completion of equity sale transaction in August 2022	None
Kunshan CMMT	-	-	In August 2022, the equity transaction of Chi Mei Materials Technology Investment Co., Ltd. was completed for sale	None
Cheng Hui Investment Co., Ltd.	100%	(365)	Recognized as investment loss of CMVT.	None
Cheng Hui Trading Co., Ltd.	100%	(835)	Mainly for equipment depreciation	None

(III) Investment plans for the coming year:

The Company has developed new customers and adjusted sale products, and the Taiwan and Ningbo plants are expected to purchase new equipment to tackle production capacity bottlenecks in order to increase the proportion of sales of large-size products. In addition, in terms of improvement of technology, the Company has purchased additional production equipment for new products to optimize the production process and reduce the working process, further reducing production cost.

VI. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report:

(I) The effect upon the Company's profits or losses of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Interest rate

To avoid fluctuations caused by changes in interest rates, which may lead to an increase or decrease in interest rates and affect income or expenses, the principle of conservative, stable, and liquid capital allocation is to ensure the safety of principal and maintain liquidity.

2. Exchange rate:

The Company has designated dedicated personnel in the financial department to collect exchange rate-related information at all times, while maintaining close contact with banks to get a grasp of the banks' views on exchange rate trends and information associated with the global economy. By doing so, the Company will be able to evaluate future exchange transactions and forward exchange agreements at appropriate times in order to further reduce the impact of exchange rate risk on the Company's profit or loss.

3. Inflation:

Looking forward to the future, the Company will continue to keep a close and interactive relationship between our suppliers and customers, also optimizing the production capacity to achieve economies of scale and continue to improve process capacity to reduce production cost. By taking these approaches, the Company expects to reduce the impact of inflation posed on its profit or loss.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report (May 10, 2023), the Company did not engage in high-risk investments, highly leveraged investments, or providing loans to other parties.

2. For details regarding loaning funds to others and endorsements/guarantees, please refer to pages 121–122.

3. The Company's policy for operating derivative financial instruments is as follows:

The Company engages in derivatives transactions with a focus on hedging net positions of foreign currencies. In the future, the Company will keep on monitoring the trend of foreign currency exchange rates and handle it in accordance with relevant laws and regulations and the company's operating procedures.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

In 2022, CMMT invested NT\$260million in R&D expenditure, accounting for 3.0% of revenue, and has been following the operations strategy of continuous high value products and ongoing development of products other than polarizers. In the future, the Company will concentrate on the cultivation of R&D talent to persist in strengthening technical capabilities while accelerating the development of non-polarizer businesses. In 2023, NT\$280million is expected to be invested on the R&D of polarizer products, while also investing in the development of non-polarizer products depending on the development progress. Taking into account the industry development and economic conditions, the Company will consider to increase or decrease R&D expenses for polarizers and non-polarizer businesses.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

It is a priority for the Company to abide by applicable domestic and foreign laws and regulations. The Company also keeps a close eye on policies and laws that may affect the normal operation of the Company to ensure that the Company is running accordingly. When necessary, the Company consults with professional entities including lawyers and accountants, or appoints these entities to assess, recommend and plan countermeasures, achieving compliance with laws while reducing the adverse impact on the Company's financial operations.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

The Company takes technological changes and industrial changes seriously. The Company does not settle for the current situation, but proactively seeks forward-looking electronic chemical products and continues the development of new product lines, achieving the objective of sustainability.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

Since its establishment, the Company has been working hard to uphold the concept of ethical, stable and sustainable management, enforcing strict compliance with laws and internal control regulations, and making adjustment accordingly.

(VII) Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken:

As of now, the Company has no plans for M&A.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

In 2022, the Company did not have any significant capital expenditure for plant expansion and new production capacity

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Concentration of imports: The raw materials for upstream are an oligopolistic market, a characteristic of the industry. The Company has always maintained a good relationship with suppliers with uninterrupted communication, and has established security control

over its inventory. There is also a second supplying source in place, and the Company is currently doing its utmost to seek the possibility of substitution of domestic manufacturers. In 2022, some materials will also be successfully introduced into new suppliers to continuously improve the Dispensity and strength of the supply chain.

Concentration of sales: Sales customers are concentrated due to the characteristics of the industry, which makes it easy for a single customer to reduce sales, resulting in a decline in revenue and a decline in profit. In response to such situation, the Company continued to expand the development of new customers in 2020. The percentage of sales to major customers has reduced. For major customers, we will provide quality products and services as a means to maintain the stable relationship. Meanwhile, we will also strengthen the development of new customers and continue to disperse customers to reduce the risk of customer concentration.

- (X) **Effect upon and risk to the Company in the event a major quantity of shares belonging to a director (including independent director), or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:** None.
- (XI) **Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:** None.
- (XII) **Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any company director (including independent director), the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where the result of such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:**

Litigation 1.

1. Main parties involved in litigation:

Plaintiff: Cheng Hui Investment Co., Ltd. (the Company's subsidiary)

Legal representative: Ho Jau-Yang

Defendant: Yeh Mei-Li

2. Date of litigation commencement: 2020-04-23

3. Cause for the incident (including the subject of the litigation):

On June 25, 2019, the Plaintiff filed a provisional attachment to seize the Defendant's property with the Taipei District Court; the Defendant filed a petition for a limited time for a lawsuit with the Taipei District Court. On October 16, 2009, the Taipei District Court approved the lawsuit with order letter Quan-Sheng-Zi No. 149. Therefore, the Plaintiff filed a civil lawsuit against the Defendant for unjust enrichment and damages, and filed a lawsuit in the Taipei District Court on April 23, 2020. Plaintiff's statement of claim is as follows:

- (1) The Defendant shall pay the Plaintiff NT\$37,500,000 (thirty-seven million five hundred thousand dollars) plus interest of 5% per annum from the day after the lawsuit order until it is repaid.
- (2) The Defendant is willing to provide a guarantee and appealed for a provisional execution.
- (3) Lawsuit expenses are born by the defendant. Where a judgment is entered to reverse or to amend the judgment on the merits to which provisional execution is declared

4. Process:

Still in the litigation process.

Litigation 2.

Main parties involved in litigation:

Plaintiff: Taiwan Taipei District Prosecutor's Office, Taiwan

Defendant: Yeh Mei-Li, Lin Yon-Ren, and Fang Yuan-Hui

2. Date of litigation commencement: 2021-03-29

3. Cause for the incident (including the subject of the litigation):

For the defendant Yeh Mei-Li and others involving Breach of Trust, the prosecutor filed a public prosecution on March 29, 2021 after the investigation ended. In addition, according to the instructions of the letter of deposit dated July 16, 2021 by the Securities Investors and Futures Traders Protection Center of the consortium, Chenghui Investment Co., Ltd. (Legal representative: Ho Jau-Yang) filed a criminal complaint against the

defendant on August 16, 2021. Attached a civil lawsuit complaint, a civil expansion statement and an additional defendant.

4. Process:

Still in the litigation process.

Litigation 3.

1. Main parties involved in litigation:

Plaintiff: Cheng Hui investment Co.Ltd.(subsidiary of the Company)

(Legal representative: Ho Jau-Yang)

Debtor: Li Zongmin

2. Date of litigation commencement: 2020-03-17

3. Cause for the incident (including the subject of the litigation): On March 17, 2020, the creditor applied to the Taiwan New Taipei District Court for enforcement.

4. Process:

On March 17, 2022, according to letter of Xinbei Yuanxian 110 Nian Si Zhi Zi No. 33909, court notified original bid B to auction at a reduced price.

On August 10, 2022, the New Taipei District Court in Taiwan issued Notice No. 33909 of the New Taipei Court's Xian 2021 Division of Civil Enforcement on September 12, 2022 at 10:00 am.

On November 7, 2022, the New Taipei District Court in Taiwan issued a notice of wire transfer of NT \$103,636 to the New Taipei District Court with the 2021 Annual Secretary's Office No. 33909.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other important matters: None.

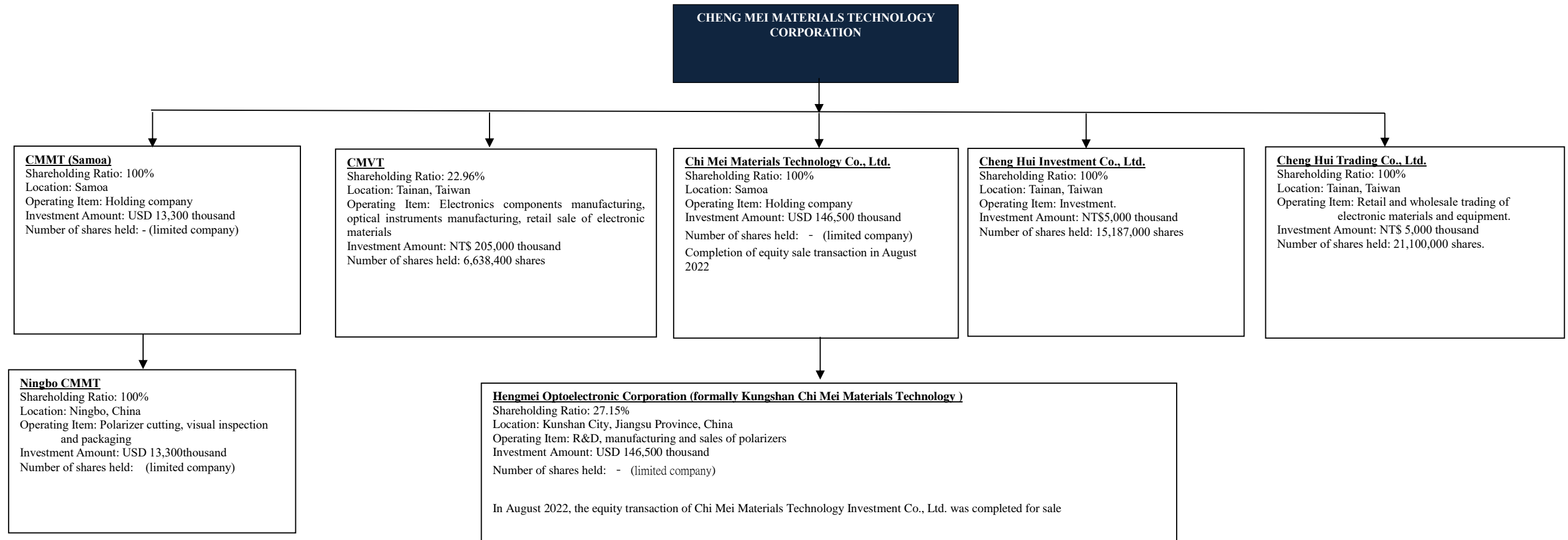
Eight. Special Items to Be Included

I. Information related to the company’s affiliated enterprises:

(I) Overview of the Company’s affiliated enterprises:

1. Organizational chart of affiliated enterprises:

Date: May 10, 2023



2. Basic information of affiliated enterprises:

May 10, 2023

Company name	Incorporation date	Address	Paid-in capital	Major business or production item
CMMT (Samoa)	2005-12-08	Offshore Chambers P.O. Box 217, Apia, Samoa	USD 13,300 thousand	Holding company
CMVT	2010-09-10	No. 13, Muzhagang West Road, Shanhua District, Tainan City	NTD 289,120 thousand	Sales and manufacturing of electronic materials
Ningbo CMMT	2016-02-06	No. 2, Alishan Road, Ningbo Export Processing Zone	USD 13,300 thousand	Sales and manufacturing of electronic materials
Chi Mei Materials Technology Investment Co., Ltd.(Note 1)	2014-03-07	TMF Chambers, P. O. Box 3269, Apia, Samoa	USD 146,500 thousand	Holding company
Hengmei Optoelectronic Corporation (Note 2)	2014-05-13	111 Jianhu Road, Kunshan Economic and Technological Development Zone	RMB3,252,780 thousand	R&D, manufacturing and sales of polarizers
Cheng Hui Investment Co., Ltd.	2015-06-26	No. 13, Muzhagang West Road, Shanhua District, Tainan City	NTD 151,870 thousand	Investment activities
Cheng Hui Trading Co., Ltd.	2017-01-12	No. 13, Muzhagang West Road, Shanhua District, Tainan City	NTD 211,000 thousand	Trading business

Note 1: The sale of the equity was completed in August 2022

Note 2: The sale of Chi Mei Materials Technology Investment Co., Ltd. equity was completed in August 2022

3. Where connections exist among the businesses operated by individual affiliated enterprises, a description of the mutual dealings and division of work among such affiliated enterprises should be provided:

May 10, 2023

Company name	Major business or production item	The state of division of work
CMMT (Samoa)	Holding company	Holdings
CMVT	Electronics components manufacturing, optical instruments manufacturing, retail sale of electronic materials	Affiliated enterprise
Ningbo CMMT	Sales and manufacturing of electronic materials	Purchases the Company's polarizing rolls for post-process cutting, inspection, packaging and sales
Chi Mei Materials Technology Investment Co., Ltd. (Note 1)	Holding company	Holdings
Hengmei Optoelectronic Corporation (Note 2)	Sales and manufacturing of electronic materials	The technology of the Company's polarizer related plant construction and production is licensed to the significant invested company – Hengmei Optoelectronic Corporation to carry out operations involving R&D, manufacturing and sales of polarizers
Cheng Hui Investment Co., Ltd.	Holding company	Investment activities
Cheng Hui Trading Co., Ltd.	Trading company	Retail and wholesale trading of electronic materials and equipment.

Note 1: The sale of the equity was completed in August 2022

Note 2: The sale of Chi Mei Materials Technology Investment Co., Ltd. equity was completed in August 2022

4. Information on directors/supervisors and presidents of affiliated enterprises:

May 10, 2023 / Unit: shares

Company name	Title	Name or	Shareholding	
		Representative	Number of Shares	Shareholding ratio %
CMMT (Samoa)	Executive director	Cheng Mei Materials Technology Corp. Representative: Ho Jau-Yang	Note 1	100%
	Secretary	Legal entity: CMMT		
CMVT	Chairperson	Himax Technologies, Inc. Representative: Li Wang-Yang	19,288,498	66.71%
	Director and President	Himax Technologies, Inc. Representative: Wu Ping-Sheng		
	Director and President	Himax Technologies, Inc. Representative: Shen Yi-Pin		
	Director	Cheng Mei Materials Technology Corp. Representative: Ho Jau-Yang	6,638,400	22.96%
	Director	Cheng Mei Materials Technology Corp. Representative: Sheng Hai-Tien		
	Supervisor	Lian Wei-Chung	0	0%
Supervisor	Li Tsung-Yi	0	0%	
Ningbo CMMT	Executive director	CMMT (Samoa) Representative: Ho Jau-Yang	Note 1	Note 2
	Supervisor	Lian Wei-Chung		
Chi Mei Materials Technology Investment Co., Ltd. (Note 3)	Note 3	Note 3	Note 3	Note 3
Hengmei Optoelectronic Corporation (Note 4)	Note 3	Note 3	Note 3	Note 3
Cheng Hui Investment Co., Ltd.	Chairperson	Cheng Mei Materials Technology Corp. Representative: Ho Jau-Yang	15,187,000	100%
	Supervisor	Cheng Mei Materials Technology Corp. Representative: Ma Shao-Heng		
Cheng Hui Trading Co., Ltd.	Chairperson	Cheng Mei Materials Technology Corp. Representative: Ho Jau-Yang	21,100,000	100%
	Supervisor	Cheng Mei Materials Technology Corp. Representative: Ma Shao-Heng		

Note 1: A limited company.

Note 2: A sub-subsidiary, 100% indirectly owned.

Note 3: The sale of the equity was completed in August 2022

Note 4: The sale of Chi Mei Materials Technology Investment Co., Ltd. equity was completed in August 2022

(II) Overview of the operations of each associate

1. Table of the operations of each associate:

December 31, 2022; Unit: NT\$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Net income after tax for the period	Earnings per share (NT\$)
Cheng Mei Materials Technology Corp.	6,750,849	15,015,137	4,044,239	10,970,898	8,810,516	(109,376)	462,118	0.69
CMMT (Samoa)	431,482	1,503,225	242	1,445,780	-	-	139,401	
Ningbo CMMT	581,616	5,013,690	3,510,468	1,503,222	5,062,159	126,383	139,401	Note 1
CMVT	289,120	234,053	74,616	159,437	176,152	(111,079)	(83,907)	
Chi Mei Materials Technology Investment Co., Ltd.	-	-	-	-	-	-	209,174	Note 2
Cheng Hui Investment Co., Ltd.	151,870	16,160	-	16,160	-	(197)	(365)	
Cheng Hui Trading Co., Ltd.	211,000	47,713	-	47,713	-	(749)	(835)	

Note 1: Limited company.

Note 2: Completion of equity sale transaction in August 2022

2. Transaction information on endorsements/guarantees, lending funds to others and derivatives transactions of affiliated enterprises:

(1) Endorsements/guarantees

Cheng Mei Materials Technology Corporation And Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name													
0	Cheng Mei Materials Technology Corporation	Cheng Mei Materials Technology (SAMOA) Corp.		2	\$ 5,485,449	\$ 245,680	\$ 245,680	\$ -	\$ 73,704	2.24%	\$ 10,970,898	Y	N	N	Note 3,4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'
- (2) The subsidiaries are numbered in order starting from '1'. The same Company will have the same number.

Note 2: Relationship between the endorser guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with the Group's related regulations, the limit on endorsements and guarantees for any single entity is 50% of the Company's net worth based on the latest financial statements.

Note 4: In accordance with the Group's related regulations, the limit on accumulated amount of transactions of endorsements and guarantees is the Company's net worth based on the latest financial statements.

(2) Loaning of funds

Cheng Mei Materials Technology Corporation And Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

No. (Note 1)	Materials	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at		Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
							Actual amount drawn down						Item	Value			
1	Mao Fong Group Co., Ltd.	Cheng Mei Materials Technology Co., Ltd.	Other receivables - related parties	Yes	\$ 29,175	\$ -	\$ -	2.20%	Short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 1,097,090	\$ 2,194,180	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: According to the Mao Fong Group Co., Ltd.'s "Procedures for Provision of Loans", the limit on loans to the parent company who holds 100% voting power of Mao Fong Group Co., Ltd. and for short-term financing was 20% of the net assets of Group's parent company.

The limit on loans granted to a single party is 10% of net assets of the Group's parent company.

(3) Information on derivatives transactions: None.

(III) Consolidated financial statements of the affiliated enterprises for the most recent fiscal year: www.cmmt.com.tw

(IV) Affiliation report of the affiliated enterprises:

1. Representation Letter

Representation Letter

The Company for the year 2022 (from January 1, 2022 to December 31, 2022). In connection with the Consolidated Financial Statements of Affiliated Enterprises of CHENG MEI MATERIALS TECHNOLOGY CORPORATION (the “Consolidated FS of the Affiliates”), we present to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2021 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of CHENG MEI MATERIALS TECHNOLOGY CORPORATION and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, CHENG MEI MATERIALS TECHNOLOGY CORPORATION does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

CHENG MEI MATERIALS TECHNOLOGY
CORPORATION

By
Jau-Yang Ho, Chairman

February 13, 2023

2. Relationship status between subordinate companies and the controlling company: None.
3. Transactions between subordinate companies and the controlling company:
- (1) Import and export transactions: None.
 - (2) Property transactions: None.
 - (3) Capital loan and situation: None.
 - (4) Asset leasing: None.
 - (5) Other significant transactions (e.g. production and sales contract, acquisition of bonds issued by the controlling company, subscription of new shares issued by the controlling company after the original shareholders waived their rights for subscription): None.
 - (6) Endorsements and guarantees:
Please refer to Appendix 2 of the accountant's financial report for relevant information.
 - (7) Other matters that may pose significant financial or business impact:
In 2022 (from January 1 to December 31, 2022), all companies that should be included in the consolidated financial statements of affiliated enterprises in accordance with the “Regulations Governing the Preparation of Consolidated Financial Statements of Affiliated enterprises and Reports of Affiliated enterprises” are the same. The consolidated financial statements of affiliated enterprises have been disclosed in the parent and subsidiary financial statements; therefore, separate consolidated financial statements of the affiliated enterprises will not be prepared.

II. Whether the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

III. Holding or disposal of shares in the Company by the Company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

IV. Other matters that require additional description: None

IX. Other Disclosures: None.