Stock Code: 6127

LEATEC FINE CERAMICS CO., LTD.

Handbook for the 2024 Annual Meeting of Shareholders

June 20, 2024

Table of Contents

1. Meeting Procedure ……2

2. Meeting Agenda ……3

3. Management Presentation (Company Reports) ……4

4. Proposals ……..……..6

5. Discussion ……..……..8

6. Election Matters ……..……..9

7. Other Matters ……..……10

8. Questions and Motions ……..11

9. Attachments

Attachment 1 – 2023 Business Report …….……...……..12

Attachment 2 – Audit Committee's Review Report …….……18

Attachment 3 – Independent Auditors' Review Report and 2023 Financial Statements …….…….....19

Attachment 4 – List of Director Candidates ……..39

10. Appendices

Appendix 1 – Rules of Procedure for Shareholders Meetings ……..42

Appendix 2 – Procedures for Election of Directors ….……45

Appendix 3 – Articles of Incorporation ……..……47

Appendix 4 – Shareholding of Directors ……..51

Meeting Procedure

1. Call the Meeting to Order

2. Chairperson Remarks

3. Management Presentation (Company Reports)

4. Proposals

5. Discussion

6. Election Matters

7. Other Matters

8. Questions and Motions

9. Adjournment

Meeting Agenda

Time: 9:30 a.m. on Thursday, June 20, 2024
Place: No. 160, Sec. 1, Pingdong Rd., Pingzhen Dist., Taoyuan City (B1 Meeting Room)
Meeting Method: Physical Meeting

1. Announcing the Number of Shares Represented in the Meeting and Call the Meeting to Order

2. Chairperson Remarks

3. Management Presentation (Company Reports)
   (1) 2023 Business Report
   (2) Audit Committee's Review Report on the 2023 Financial Statements
   (3) The Status of 2023 Endorsement and Guarantee
   (4) The Status of 2023 Lending Funds to Other Parties
   (5) 2023 Compensation to Employees and Directors (Supervisors)
   (6) Implementation of Investments in China

4. Proposals
   (1) Adoption of the 2023 Business Report and Financial Statement
   (2) Adoption of the Proposal for Distribution of 2023 Profits

5. Discussion
   (1) Proposal for Cash Distribution from Capital Surplus

6. Election Matters
   (1) Proposal for the Complete Re-election of the Company's Directors

7. Other Matters
   (1) Proposal to Lift the Non-Competition Restrictions on the Newly Elected Directors

8. Questions and Motions

9. Adjournment

Management Presentation (Company Reports)

Report No. 1

2023 Business Report

(Please refer to Attachment 1 on pages 12-17 of this manual)

Report No. 2

Audit Committee's Review Report on the 2023 Financial Statements

(Please refer to Attachment 2 on page 18 of this manual)

Report No. 3

The Status of 2023 Endorsement and Guarantee

Explanation:

As of December 31, 2023, the status of endorsement and guarantee of the Company and its subsidiaries is as follows:

Endorser	Endorsee		Amount	Purpose
	Company Name	Relationship		
LEATEC FINE CERAMICS CO., LTD.	LEATEC Fine Ceramics (Kunshan) Co., Ltd.	Sub-subsidiary of the Company	RMB 8,000 thousand	Financing

Report No. 4

The Status of 2023 Lending Funds to Other Parties

Explanation:

As of December 31, 2023, the status of lending funds to other parties of Company and its subsidiaries is as follows:

Unit: NT$

Lending Company	Borrower		Details		Purpose
	Company Name	Relationship	Credit Amount	Disbursement Amount	
COSMOS Harvest International Limited	LEATEC Fine Ceramics (Samoa) Co., Ltd.	Both are LEATEC's subsidiaries	30,705 thousand	12,464 thousand	Operating capital turnover
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	LEATEC Application Materials (Kunshan) Co., Ltd.	Both are LEATEC's sub-subsidiaries	506,633 thousand	189,232 thousand	Operating capital turnover
LEATEC Fine Ceramics (Samoa) Co., Ltd.	LEATEC FINE CERAMICS CO., LTD.	Parent company of the lending company	61,410 thousand	7,210 thousand	Operating capital turnover

Report No. 5

2023 Compensation to Employees and Directors (Supervisors)

Explanation:

(1) According to Article 19 of the Company's Articles of Incorporation, if the Company has profits in a fiscal year, 1.5% to 15% should be allocated as employee compensation, to be distributed in stock or cash as resolved by the board of directors. Up to 5% can be allocated as directors' compensation as resolved by the board of directors.

(2) It is proposed to distribute NT$1,500,000 as employee compensation and NT$1,000,000 as directors' compensation, both in cash.

Report No. 6

Implementation of Investments in China

Explanation:

As of December 31, 2023, the Company's indirect investment activities in China:

Invested Company	Accumulated Investment in Mainland China	Investment Method	Upper Limit on Investment Authorized by Investment Commission, MOEA
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	USD 10,000 thousand	Through investment in third regions	In compliance with the regulations of the Industrial Development Bureau, MOEA, there is no investment limit for investments in China.
LEATEC Application Materials (Kunshan) Co., Ltd.	USD 18,000 thousand		

Proposals

Proposal 1 **(Proposed by the Board)**

Adoption of the 2023 Business Report and Financial Statements

Explanation:

(1) The Company's parent company only financial reports and consolidated financial reports for 2023 were approved by the board of directors and audited by CPAs XU, JIN-MING and XU, WEN-YA of Deloitte & Touche. Along with the 2023 Business Report, these documents were submitted to the Audit Committee for review, and an audit report was issued.

(2) For the Business Report and Financial Statements, please refer to pages 12-17 (Attachment 1) and pages 19-38 (Attachment 3) of this manual.

Resolution:

Proposal 2 **(Proposed by the Board)**

Adoption of the Proposal for Distribution of 2023 Profits

Explanation:

(1) The Company's net profit after tax for **2023** was NT$61,359,464. After deducting an actuarial loss of NT$1,777,659 from the defined benefit plan and adding an income tax benefit of NT$355,532 related to other comprehensive income, deducting a 10% legal reserve of NT$2,262,239 and a special reserve of NT$14,958,704, and adding the beginning accumulated deficit of NT$37,314,949, the distributable profit for this period is NT$5,401,445. It is proposed not to distribute dividends to shareholders, leaving the end-of-period undistributed earnings at NT$5,401,445.

(2) The 2023 profit distribution table is as follows:

LEATEC FINE CERAMICS CO., LTD.

2023 Profit Distribution Table

Unit: NT$

Beginning Accumulated Deficit	(37,314,949)
Less: Actuarial Loss on Defined Benefit Plan Recognized in Retained Earnings (Note 1)	(1,777,659)
Plus: Net Profit After Tax for the Period	61,359,464
Plus: Income Tax Benefit Related to Other Comprehensive Income	355,532
Less: 10% Legal Reserve	(2,262,239)
Less: Special Reserve Required by Law	(14,958,704)
Less: Additional Special Reserve Set Aside	0
Plus: Additional Paid-in Capital in Excess of Par	0
Distributable Profit for the Period	5,401,445
Distribution Items:	
Shareholder Dividends	0
End-of-Period Undistributed Earnings	5,401,445

Note 1: The actuarial loss on the defined benefit plan is transferred from other comprehensive income to retained earnings, as chosen by the Company.

Chairman: CHEN, QING-JIN
Manager: CHEN, QING-JIN
Accounting Supervisor: CHEN, YONG-CANG

Resolution:

Discussion

Proposal 1 **(Proposed by the Board)**

Proposal for Cash Distribution from Capital Surplus

Explanation:

(1) In accordance with Article 241 of the Company Act, the Company proposes to distribute cash of NT$43,231,900 from the capital surplus generated by the premium on ordinary shares issued above par value. This will be distributed as NT$0.4 per share to shareholders recorded in the shareholders' register on the ex-dividend date, rounded down to the nearest whole number, with any remaining fractional amounts to be included in the Company’s other income. (Total shares outstanding: 108,079,751 shares).

(2) It is proposed that the chairman be authorized by the shareholders' meeting to set the distribution record date, distribution date, and other relevant matters.

(3) In the event of any changes in the number of outstanding shares due to subsequent capital changes, resulting in an adjustment to the cash distribution ratio, it is proposed that the chairman be authorized to make the necessary adjustments.

Resolution:

Election Matters

Proposal 1 **(Proposed by the Board)**

Proposal for the Complete Re-election of the Company's Directors

Explanation:

(1) The term of the Company's 11th Board of Directors and Supervisors will expire on July 21, 2024. In accordance with Articles 195 and 217 of the Company Act, a complete re-election will be conducted.

(2) In accordance with the Securities and Exchange Act and the Company's Articles of Incorporation, the Company has established an Audit Committee, and Supervisors will no longer be appointed. The Audit Committee will be composed entirely of independent directors.

(3) According to Article 13 of the Company's Articles of Incorporation, there will be 7 to 9 directors with a term of three years. It is proposed to elect 9 directors (including 4 independent directors) for the 12th Board, with the term from June 20, 2024, to June 20, 2027.

(4) The election of directors (including independent directors) will follow the candidate nomination system. Please refer to pages 39-41 (Attachment 4) of this manual for the list of candidates.

(5) This election will be conducted in accordance with the Company's "Procedures for Election of Directors". Please refer to pages 45-46 (Appendix 2) of this manual.

(6) Please proceed to elect.

Results:

Questions and Motions

Proposal 1 **(Proposed by the Board)**

Proposal to Lift the Non-Competition Restrictions on the Newly Elected Directors

Explanation:

(1) According to Article 209 of the Company Act, if a director engages in activities within the Company's business scope for themselves or others, they must explain the significant contents of such activities to the shareholders' meeting and obtain its approval.

(2) It is proposed to lift the non-competition restrictions on the newly elected directors and independent directors.

(3) The concurrent positions held by the directors are detailed in the table below.

Category	Name	Concurrent Positions
Director	HUANG, LIAN-CHENG	1. Director, TAIWAN CAN CORPORATION 2. Supervisor, Typhone Inc. 3. President, LIEN CHENG CONFERENCE CONSULTING CO.,LTD.
Independent Director	GUO, XIAN-ZHANG	Independent Director, HUNG CHOU FIBER INDUSTRIAL CO., LTD.
Independent Director	LIN, JING	Independent Director, SANITAR CO., LTD.
Independent Director	CHEN, JIA-RONG	Independent Director, China Ecotek Corporation
Independent Director	WANG, JIN-YAN	1. Independent Director, Taipei Star Bank Co., Ltd. 2. Independent Director, Cyber Power Systems, Inc. 3. Representative of Juristic Person Director, Sentec E&E Co., Ltd.

Resolution:

Questions and Motions

Adjournment

【Attachment 1】

LEATEC FINE CERAMICS CO., LTD.

2023 Business Report

I. Business Strategy and Implementation Overview

1. Business Strategy

(1) Break away from traditional resistor substrate concepts and develop new material applications to enhance business scale by leveraging resources.

(2) Alter the financial structure to stabilize long-term funding and increase capital.

(3) Form a flexible management team to train successors, facilitating corporate transformation to meet challenges.

(4) Base the production process on automated equipment to save resources and create management benefits.

(5) Invest in the development of new materials or products guided by market development trends.

2. Key Production and Sales Policies

(1) Shape profit scale to create asset efficiency.

(2) Develop suitable materials and diverse sources, and secure key material sources to stabilize production and reduce costs.

(3) Establish powder (granulation) production capabilities and secure key material sources to stabilize production, reduce costs, and enhance competitiveness.

(4) Expand the ceramic market for electric vehicles, seeking maximum advantages and pricing to increase company profits.

(5) Base production processes on automated equipment to reduce reliance on human labor and stabilize production parameters.

(6) Maximize the production and sales of strategic products (ZTA, thin film substrates, ALN), and timely adjust production locations to increase benefits.

(7) Maximize the capacity of new plants to increase utilization and generate revenue.

3. Implementation Overview

In 2023, both the electronics and automotive industries faced significant challenges in production and sales due to the aftereffects of the pandemic

and global conflict, leading to a prolonged economic downturn. Demand for electronic consumer products grew poorly due to conservative consumer spending. During this period, LEATEC Kunshan underwent factory relocation, yet strived to maximize production and sales with available equipment. Despite these challenges, LEATEC's overall sales increased by about 5% compared to 2022. However, production activities were limited due to internal relocation efforts. The resistor substrate production line was swiftly operational upon installation, ensuring a secure inventory of finished products to meet customer demands. However, to prevent quality issues from newly installed equipment, each process was conducted with extra caution. Expansion and the addition of new equipment were approached prudently, maintaining a dynamic migration policy for the resistor substrates, preserving some capacity, and increasing automation to save labor while enhancing technical workstations (such as molding and stamping). Before market growth resumes, the company must strengthen and improve its operations, primarily by investing resources to stabilize production and increase automated equipment. This will solidify the basic scale of the resistor substrate business while expanding into non-resistor substrate markets, extending to processed products, and continuously enhancing production value. We are also developing the ceramic materials market for electric vehicles and 5G materials. Dedicated personnel are tasked with expanding customer bases and gathering market intelligence, providing information to LEATEC's R&D team, and investing in equipment to meet customer needs and solve process issues, as we actively engaging with the automotive industry market.

In the future, ceramic materials will play a crucial role in electric vehicle components, and related applications are LEATEC’s area of expertise. We aim to maintain the high quality and cost control of existing products while focusing on ceramic application materials, hoping to supply more ceramic automotive components. Our goal is to earn customer approval through quality and service, and, in addition to being a material supplier, we aim to engage in deep material processing to increase product value and revenue. LEATEC will continue to expand R&D and equipment, focusing on the automotive ceramics field.

In 2024, we are confident in the growth of both the demand for passive components and the electric vehicle market. To meet market demand, it is necessary to expand equipment operations and increase production of resistor substrates, thereby reducing costs. Additionally, there is a trend of

rising costs for raw materials and labor, along with labor shortages. Sustaining profitability requires continuous improvement in factory yield, refined production, stable workforce retention, and ongoing investment in automation equipment. Developing ceramic heat dissipation substrates and ceramic materials for the energy industry remains a key focus. Leveraging our experience in aluminum nitride substrate processing, LEATEC aims to advance ceramic material applications in various industries, such as ZTA and thick plate grinding, based on higher temperature processing technologies. In the coming year, we need to accelerate the output and market introduction of transformed products, prioritizing timely product delivery and yield improvement. Mass production of new ceramic heat dissipation substrates and advancements in automotive electronic ceramic materials can boost performance and profit opportunities. Improving our financial structure is also crucial; after accounting for the compensation from LEATEC Kunshan's factory acquisition, we will carefully assess suitable debt reduction and operational funding enhancement. Our operational strategy to respond to future market developments includes the following key directions:

(1) Expanding the introduction of products and advanced products in the ceramic materials field:
   a. Using alumina and aluminum nitride ceramic materials as the basis for research and development, gradually expanding to other composite materials, and penetrating the market in the most economical and efficient manner.
   b. Improving engineering and technical processes, combining batch production fundamentals with practical experience, reducing learning costs, and rapidly meeting market demands.

(2) Deepening the processing level and developing sales behaviors with customers:
   a. Enhancing comprehensive laser processing technology and expanding equipment scale to meet customized specifications quickly, producing valuable products.
   b. Refining product expertise, familiarizing production line processes, and actively providing after-sales service feedback.

(3) Increasing automation equipment to reduce labor reliance, enhance production stability, and improve yield and output.

(4) Rethinking process design to simplify and move towards automated production processes, improving labor efficiency and product gross margins.

(5) Developing multiple sources for raw materials and supplies, localizing molds and specialized equipment, and deepening cost competitiveness and

operational advantages.

By focusing on these clear operational priorities, we aim to achieve higher performance this year.

II. 2023 Business Results

1. Business Overview

The Company's net operating revenue for 2023 was NT$824,026 thousand, with a gross profit of NT$123,340 thousand and a gross profit margin of 15%. Compared to 2022, when the operating revenue was NT$783,512 thousand and the gross profit was NT$168,983 thousand, the operating revenue grew by 5%, while the gross profit decreased by NT$45,643 thousand. This decrease is primarily due to the relocation of the Kunshan factory and the deterioration of economic conditions, which have continually impacted the operating environment. Moving forward, it is crucial to carefully select products and overcome environmental policy requirements. The short-term focus will be on maintaining production scale during the equipment relocation and installation while investing in automation to address bottlenecks and improve yield. The trend for revenue growth is optimistic, but we will continue to monitor market changes. We will relentlessly pursue profitability growth, with the transformation and evolution of products into high value-added processed products being a key focus. Despite the market remaining in a growth trend, LEATEC will continue to achieve stable growth, and the Company's profitability is expected to improve in the coming year.

The Company will make the best use of human and material resources, examine industry advantages, and move towards planned market directions and high value-added products to generate optimal profits. We aim to expand new applications for ceramic materials and provide excellent quality engineering services. Our research and development in ceramic material applications for the green energy industry is expected to enhance revenue and improve profitability in 2024.

2. Budget Execution

Unit: NT$ thousands

Item	Actual Amount in 2023	Budget Amount in 2023	2023 Budget Achievement Rate (%)
Operating Revenue	824,026	1,133,283	72.7%
Operating Costs	(700,686)	(787,506)	89.0%
Gross Profit	123,340	345,777	35.7%
Operating Expenses	(560,088)	(206,034)	271.8%
Operating Profit (Loss)	(436,748)	139,743	(312.5%)
Non-Operating (Expenses)	532,596	68,933	772.6%
Pre-Tax Profit (Loss)	95,848	70,810	135.4%

3. Financial Income and Profitability Analysis

Item \ Year		Financial Analysis		
		2021	2022	2023
Capital Structure (%)	Debts Ratio	64.06	66.97	63.95
	Long-term Fund to Property, Plant and Equipment	142.44	168.22	174.00
Profitability	Return on Total Assets (%)	2.80	0.19	3.11
	Return on Equity attributable to Shareholders of the Parent (%)	4.51	(2.93)	5.29
	Pre-tax Income (Loss) to Paid-in Capital Ratio (%)	9.18	(2.26)	8.87
	Net Margin (%)	4.92	(4.27)	7.45
	Earnings Per Share (NT$) (Note)	0.47	(0.31)	0.57

Note: Earnings per share are calculated based on the weighted average number of shares outstanding.

III. Research and Development Status

Ceramic material science is at the core of LEATEC's technological development. We produce high-precision ceramic substrates for resistors, heat dissipation substrates, and aluminum nitride ceramic substrates. Our core development combines composite material development, tape casting technology, dry pressing, and atmospheric sintering techniques to create ceramic composite materials, as well as precision processes such as stamping and grinding. We are dedicated to advancing the ceramic materials used in the energy industry, particularly for the electric vehicle market, transforming the product structure of LEATEC. The Company is actively researching material specifications to solve upstream management issues and critical technologies in forming processes, sintering parameters, and automated machinery and equipment. We continue to collaborate with academic institutions to develop relevant technologies and commercialize products.

IV. Conclusion

The current external market is still undergoing significant changes. However, the consumer electronics and electric vehicle markets are continually introducing new products and applications, showing a clear trend of increasing new applications, albeit accompanied by severe operational challenges such as environmental issues and cost and price competition. Internally, the Company continues to execute various improvement initiatives, establishing standardized processes to enhance our cost competitiveness and marketing advantages in the market. Although manufacturing costs continue to rise, and there is potential risk for product price reductions, selecting and evolving products into deep-processed products remains the primary growth task. The Company is developing diversified substrate products, accelerating the R&D pace, expanding potential customer domains, and increasing the breadth and depth of automotive market products. We aim to develop products in collaboration with customers, jointly establishing product specifications, extending the levels of substrate processing to enhance production efficiency, and developing ceramic material applications in the energy industry to seize business opportunities. LEATEC strives for continuous stable growth and market leadership, expecting to achieve remarkable revenue and profit performance this year.

Chairman: CHEN, QING-JIN Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

【**Attachment 2**】

LEATEC FINE CERAMICS CO., LTD.
Audit Committee's Review Report

The Board of Directors had prepared and submitted the financial statements and business reports and profit distribution proposal. The 2023 financial statements were completed by XU, JIN-MING and XU, WEN-YA of Deloitte & Touche. The financial statements and business reports have been checked by the audit committee and no inconsistency was found. The audit report was issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

Yours sincerely,
2024 General Shareholders' Meeting of LEATEC FINE CERAMICS CO., LTD.

Convenor: LAI, SHAN-GUI

May 9, 2024

【Attachment 3】

INDEPENDENT AUDITORS' REVIEW REPORT

To LEATEC Fine Ceramics Co., Ltd.:

Audit opinion

We have audited the financial statements of LEATEC Fine Ceramics Co., Ltd., which comprise the Parent Company Only Statement of Financial Position as of December 31, 2023 and December 31, 2022, the Parent Company Only Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Notes to Parent Company Only Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers so as to give a true and fair view of the parent company only financial position of LEATEC Fine Ceramics Co., Ltd. as of December 2023 and 2022 and of the financial performance, changes in equity and cash flows of LEATEC Fine Ceramics Co., Ltd. from January 1 to December 31, 2023 and 2022.

Basis for audit opinion

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of LEATEC Fine Ceramics Co., Ltd. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the parent company only financial statements of LEATEC Fine Ceramics Co., Ltd. for 2023. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the parent company only financial statements of LEATEC Fine Ceramics Co., Ltd. for 2023:

Authenticity of revenue from specific sales targets

LEATEC Fine Ceramics Co., Ltd.'s sales revenue for the year 2023 amounted to $436,328 thousand, a increase of 7% compared to the same period last year. The auditor, based on factors such as changes in sales amount and ratio, considered the authenticity of the sales revenue of some specific customers as key audit matters.

The auditor performed the following main audit procedures for the authenticity of the revenue from the aforementioned specific sales targets:

1. Understand the internal control process related to revenue recognition and evaluate whether the design of the relevant controls is effective and implemented;
2. Review and inspect the shipping documents, records, and collections of these customers to test the authenticity of the sales;
3. Review the subsequent sales returns and allowances of these customers to confirm the reasonableness of sales revenue recognition.

Responsibilities of management and directors for the parent company only financial statements

Management’s responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of LEATEC Fine Ceramics Co., Ltd. to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate LEATEC Fine Ceramics Co., Ltd. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of LEATEC Fine Ceramics Co., Ltd.

Auditors’ responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of LEATEC Fine Ceramics Co., Ltd.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of LEATEC Fine Ceramics Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause LEATEC Fine Ceramics Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the parent company only financial information of LEATEC Fine Ceramics Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the guidance, supervision

and execution of the audit and for forming an audit opinion on LEATEC Fine Ceramics Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of LEATEC Fine Ceramics Co., Ltd. for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche
CPA: XU, JIN-MING

CPA: XU, WEN-YA

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi
No. 0930128050

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi
No. 0920123784

March 26, 2024

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 & 6)	$ 37,643	1	$ 96,621	4
1110	Financial assets at fair value through profit or loss – current (Note 4, 7, 28 & 30)	14,228	1	13,607	1
1150	Notes receivable (Note 4, 8 & 22)	302	-	757	-
1170	Accounts receivable (Note 4, 8, 22, 23, 29 & 30)	149,669	6	125,538	5
1200	Other receivables (Note 29)	308,400	12	8,909	-
130X	Inventories (Note 4, 9)	150,868	6	159,888	6
1410	Prepayments	13,453	-	7,213	-
1476	Other financial assets - current (Note 30)	66,449	2	64,271	2
1479	Other current assets (Note 14 & 24)	175	-	478	-
11XX	Total current assets	741,187	28	477,282	18
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 4 & 10)	1,320,622	49	1,490,776	58
1600	Property, plant and equipment (Note 4, 11, 26 & 30)	547,988	21	562,959	22
1755	Right-of-use assets (Note 4 & 20)	1,943	-	3,053	-
1780	Other intangible assets (Note 4 & 13)	2,510	-	4,109	-
1840	Deferred tax assets (Note 4 & 24)	36,307	1	21,797	1
1915	Prepayments for eequipment (Note 26)	5,895	-	5,985	-
1980	Other financial assets - non-current (Note 30)	12,955	1	5,045	-
1990	Other non-current assets (Note 14)	8,022	-	11,883	1
15XX	Total non-current assets	1,936,242	72	2,105,607	82
1XXX	TOTAL	$ 2,677,429	100	$ 2,582,889	100

CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 15, 30 & 31)	$ 439,479	17	$ 369,781	14
2150	Notes payable (Note 17)	918	-	2,403	-
2170	Accounts payable (Note 17 & 29)	57,893	2	37,021	2
2200	Other payables (Note 18, 26 & 29)	75,778	3	115,124	5
2280	Lease liabilities - current (Note 4 & 12)	1,153	-	1,118	-
2320	Long-term borrowings and corporate bonds payable within one year or operating cycle (Note 15, 16, 30 & 31)	70,255	3	81,660	3
2399	Other current liabilities	9,893	-	6,781	-
21XX	Total current liabilities	655,369	25	613,888	24
	NON-CURRENT LIABILITIES				
2530	Corporate bonds payable (Note 16)	250,000	9	250,000	10
2540	Long-term loans (Note 15, 30 & 31)	409,048	15	444,405	17
2550	Provision for liabilities - non-current (Note 4 & 29)	1,072	-	930	-
2570	Deferred tax liabilities (Note 4 & 24)	156,449	6	113,572	4
2580	Lease liabilities - non-current (Note 4 & 20)	889	-	2,042	-
2640	Net defined benefit liability - non-current (Note 4 & 20)	22,707	1	21,137	1
25XX	Total non-current liabilities	840,165	31	832,086	32
2XXX	Total liabilities	1,495,534	56	1,445,974	56
	EQUITY (Note 21)				
3110	Ordinary shares	1,080,798	40	1,080,798	42
3200	Capital surplus	102,301	4	102,301	4
	Retained earnings (losses to be compensated)				
3310	Legal reserve	3,166	-	3,166	-
3350	Undistributed earnings (losses to be compensated)	22,622	1	(37,316)	(1)
3300	Total retained earnings	25,788	1	(34,150)	(1)
3400	Other equity	(26,992)	(1)	(12,034)	(1)
3XXX	Total equity	1,181,895	44	1,136,915	44
	TOTAL	$ 2,677,429	100	$ 2,582,889	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: CHEN, QING-JIN General Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2023		2022	
		AMOUNT	%	AMOUNT	%
4000	OPERATING REVENUE (Note 4, 22 & 29)	$ 436,328	100	$ 407,761	100
5000	OPERATING COSTS (Note 9, 23& 29)	(405,630)	(93)	(353,914)	(87)
5900	GROSS PROFIT	30,698	7	53,847	13
5910	UNREALIZED GAINS WITH SUBSIDIARIES	(1,157)	-	(638)	-
5920	REALIZED GAINS WITH SUBSIDIARIES	638	-	5,253	1
5950	REALIZED GROSS PROFIT	30,179	7	58,462	14
	OPERATING EXPENSES (Note 4, 23& 29)				
6100	Selling and marketing expenses	(9,044)	(2)	(9,370)	(2)
6200	General and administrative expenses	(58,716)	(13)	(61,898)	(15)
6300	Research and development expenses	(47,187)	(11)	(28,719)	(7)
6450	Expected credit impairment gains	346	-	1,425	-
6000	Total operating expenses	(114,601)	(26)	(98,562)	(24)
6900	LOSS FROM OPERATIONS	(84,422)	(19)	(40,100)	(10)
	NON-OPERATING INCOME AND EXPENSES (Note 4, 10, 23 & 29)				
7100	Interest income	1,297	-	1,001	-
7010	Other income	1,367	-	3,330	1
7020	Other gains and losses	(25,151)	(6)	(22,524)	(5)

(Continued on the next page)

(Continued from the previous page)

CODE		2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
7050	Financial cost	($ 36,375)	(8)	($ 32,062)	(8)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	233,367	54	62,065	15
7000	Total non-operating income and expenses	174,505	40	11,810	3
7900	NET NPROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	90,083	21	(28,290)	(7)
7950	INCOME TAX EXPENSE (Note 4 & 24)	(28,723)	(7)	(5,186)	(1)
8200	NET (LOSS) PROFIT FOR THE YEAR	61,360	14	(33,476)	(8)
	OTHER COMPREHENSIVE INCOME (Note 19, 20 & 24)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement amounts of defined benefit plans	(1,778)	-	(4,799)	(1)
8349	Income tax related to items not reclassified	356	-	960	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(14,958)	(4)	23,085	6
8300	Other comprehensive income for the year, net of income tax	(16,380)	(4)	19,246	5
8500	TOTAL COMPREHENSIVE INCOME	$ 44,980	10	($ 14,230)	(3)
	Earnings (loss) per share (Note 25)				
9710	Basic	$ 0.57		($ 0.31)	
9810	Diluted	$ 0.57		($ 0.31)	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: CHEN, QING-JIN

General Manager: CHEN, QING-JIN

Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code				Retained earnings		Other equity	
		Share capital	Capital surplus	Legal reserve	Undistributed earnings (losses to be compensated)	Exchange differences on translation of the financial statements of foreign operations	Total equity
A1	Balance on January 1, 2022	$ 1,080,798	$ 353,093	$ 3,166	($ 253,313)	($ 35,119)	$ 1,148,625
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	2,520	-	-	-	2,520
C11	Capital reserve to offset losses	-	(253,312)	-	253,312	-	-
D1	Net loss for 2022	-	-	-	(33,476)	-	(33,476)
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	(3,839)	23,085	19,246
D5	Total comprehensive income for 2022	-	-	-	(37,315)	23,085	(14,230)
Z1	Balance on December 31, 2022	1,080,798	102,301	3,166	(37,316)	(12,034)	1,136,915
D1	Net profit for 2023	-	-	-	61,360	-	61,360
D3	Other comprehensive income (loss) for 2023, net of income tax	-	-	-	(1,422)	(14,958)	(16,380)
D5	Total comprehensive income for 2023	-	-	-	59,938	(14,958)	44,980
Z1	Balance on December 31, 2023	$ 1,080,798	$ 102,301	$ 3,166	$ 22,622	($ 26,992)	$ 1,181,895

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: CHEN, QING-JIN General Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net profit (loss) before tax for the current year	$ 90,083	($ 28,290)
A20010	Income and expense items		
A20100	Depreciation expenses	53,866	51,825
A20200	Amortization expenses	2,499	1,959
A20300	Expected credit impairment reversal of gains	(346)	(1,425)
A20400	Net (profit) loss on financial assets and liabilities at fair value through profit or loss	(621)	1,723
A20900	Financial cost	36,375	32,062
A21200	Interest income	(1,297)	(1,001)
A22300	Share of profit (loss) of subsidiaries and associates accounted for using the equity method	(233,367)	(62,065)
A22500	Gain (loss) on disposal and write-off of property, plant, and equipment	(150)	(312)
A22600	Property, plan and equipment transferred to expenses	59	-
A23700	Loss (reversal gains) for market price decline and obsolete and slow-moving inventories	4,863	(4,669)
A23900	Unrealized gains with subsidiaries	1,157	638
A24000	Realized gains with subsidiaries	(859)	(5,474)
A24100	Loss (gain) on foreign currency exchange	(20,158)	312
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	460	1,042
A31150	Accounts receivable	(22,055)	59,350
A31180	Other receivables	23,008	4,480
A31200	Inventories	4,157	(28,745)
A31230	Prepayments	(6,240)	(1,010)
A31240	Other current assets	347	1,038
A31250	Other financial assets	(10,088)	109,085
A31990	Other non-current assets	861	(916)
A32130	Notes payable	(1,485)	(315)
A32150	Accounts payable	21,652	(9,087)
A32180	Other payables	(24,634)	10,521
A32200	Provision for liabilities	142	46

(Continued on the next page)

(Continued from the previous page)

Code		2023	2022
A32230	Other current liabilities	$ 3,112	$ 4,963
A32240	Accrued pension liabilities	(208)	(7,597)
A33000	Cash inflow (outflow) generated from operations	(78,867)	128,138
A33100	Interest received	1,298	818
A33300	Interest paid	(36,001)	(31,363)
A33500	Income tax received	(45)	(32)
AAAA	Net cash flows from (used in) operating activities	(113,615)	97,561
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets measured at fair value through profit or loss	-	(15,330)
B02400	Proceeds from capital reduction of investments accounted for using equity method	79,950	-
B02700	Acquisition of property, plant and equipment	(52,739)	(46,288)
B02800	Disposal of property, plant and equipment	150	353
B03800	Decrease in refundable deposits	3,000	39,700
B04500	Payments for intangible assets	(900)	(966)
B07100	Inecrease in prepayments for equipment	-	(1,606)
B07600	Dividends received	1,265	1,538
BBBB	Net cash flows from (used in) investing activities	30,726	(22,599)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	73,314	124,615
C01200	Issuance of corporate bonds	-	250,000
C01300	Repayment of corporate bonds	-	(250,000)
C01600	Proceeds from long-term borrowings	50,000	515,300
C01700	Repayment of long-term loans	(96,762)	(676,865)
C04020	Repayment of the principal portion of lease liabilities	(1,118)	(1,084)
CCCC	Net cash flows from (used in) financing activities	25,434	(38,034)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,523)	637
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,978)	37,565
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	96,621	59,056
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 37,643	$ 96,621

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: CHEN, QING-JIN
General Manager: CHEN, QING-JIN
Accounting Supervisor: CHEN, YONG-CANG

INDEPENDENT AUDITORS' REVIEW REPORT

To LEATEC Fine Ceramics Co., Ltd.:

Audit opinion

We have audited the financial statements of LEATEC Fine Ceramics Co., Ltd. And its subsidiaries (LEATEC Group), which comprise the Consolidated Statement of Financial Position as of December 31, 2023 and December 31, 2022, the Consolidated Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of the LEATEC Group as of December 2023 and 2022 and of the financial performance, changes in equity and cash flows of the LEATEC Group from January 1 to December 31, 2023 and 2022.

Basis for audit opinion

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of the LEATEC Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the consolidated financial statements of the LEATEC Group for 2023. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the consolidated financial statements of the LEATEC Group for 2023:

Authenticity of revenue from specific sales targets

The LEATEC Group's sales revenue for the year 2023 amounted to $824,026 thousand, a increase of 5% compared to the same period last year. The auditor, based on factors such as changes in sales amount and ratio, considered the authenticity of the sales revenue of some specific customers as key audit matters.

The auditor performed the following main audit procedures for the authenticity of the revenue from the aforementioned specific sales targets:

1. Understand the internal control process related to revenue recognition and evaluate whether the design of the relevant controls is effective and implemented;
2. Review and inspect the shipping documents, records, and collections of these customers to test the authenticity of the sales;
3. Review the subsequent sales returns and allowances of these customers to confirm the reasonableness of sales revenue recognition.

Other matters

LEATEC Fine Ceramics Co., Ltd. has prepared parent company only financial statements for 2023 and 2022, which have been audited by our accountants and issued unqualified opinions on file for reference.

Responsibilities of management and directors for the consolidated financial statements

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of the LEATEC Group.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of the LEATEC Group.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the LEATEC Group. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the LEATEC Group. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of the LEATEC Group. to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on the LEATEC Group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of the LEATEC Group. for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

CPA: XU, JIN-MING

CPA: XU, WEN-YA

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi
No. 0930128050

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi
No. 0920123784

March 26, 2024

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 & 6)	$ 156,966	5	$ 180,036	5
1110	Financial assets at fair value through profit or loss – current (Note 4, 7, 32 & 34)	14,228	-	13,607	-
1136	Financial assets measured at amortized cost - current (Note 4 & 8)	-	-	66,142	2
1150	Notes receivable (Note 4, 9, 26 & 27)	4,657	-	14,763	-
1170	Accounts receivable (Note 4, 9, 26, 27 & 34)	278,044	9	238,532	7
1180	Accounts receivable - related parties net amount (Note 4, 9, 26 & 33)	334	-	1,191	-
1200	Other receivables	108,203	3	19,314	1
130X	Inventories (Note 4, 10 & 27)	292,019	9	307,855	9
1460	Non-current assets held for sale (Note 11, 14 & 15)	-	-	124,326	4
1476	Other financial assets - current (Note 34)	229,019	7	265,858	8
1479	Other current assets (Note 4, 18 & 28)	46,258	1	27,348	1
11XX	Total current assets	1,129,728	34	1,258,972	37
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 4, 13& 27)	57,942	2	74,725	2
1600	Property, plant and equipment (Note 4, 14, 27, 30 & 34)	1,439,771	44	1,379,412	40
1755	Right-of-use assets (Note 4, 15, 27 & 34)	142,076	4	149,248	4
1760	Investment properties net amount (Note 4, 16, 27 & 34)	351,758	11	371,197	11
1780	Other intangible assets (Note 4, 17 & 27)	2,510	-	4,109	-
1840	Deferred tax assets (Note 4 & 28)	42,633	1	28,215	1
1915	Prepayments for equipment (Note 30)	51,458	2	111,891	3
1980	Other financial assets - non-current (Note 34)	12,955	-	5,045	-
1990	Other non-current assets (Note 4 & 18)	47,234	2	59,326	2
15XX	Total non-current assets	2,148,337	66	2,183,168	63
1XXX	TOTAL	$ 3,278,065	100	$ 3,442,140	100

CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 19, 34 & 35)	$ 472,336	15	$ 409,507	12
2150	Notes payable (Note 21)	918	-	2,403	-
2170	Accounts payable (Note 21)	65,014	2	36,404	1
2200	Other payables (Note 22 & 30)	114,306	4	112,244	4
2230	Current income tax liabilities (Note 4 & 28)	-	-	2,174	-
2280	Lease liabilities - current (Note 4 & 15)	1,153	-	1,118	-
2320	Long-term borrowings and corporate bonds payable within one year or operating cycle (Note 19, 34 & 35)	107,104	3	140,165	4
2399	Other current liabilities (Note 22)	12,051	-	417,685	12
21XX	Total current liabilities	772,882	24	1,121,700	33
	NON-CURRENT LIABILITIES				
2530	Corporate bonds payable (Note 20)	250,000	7	250,000	7
2540	Long-term loans (Note 19, 34 & 35)	878,799	27	782,219	23
2550	Provision for liabilities - non-current (Note 4 & 23)	1,072	-	930	-
2570	Deferred tax liabilities (Note 4 & 28)	156,449	5	113,572	3
2580	Lease liabilities - non-current (Note 4 & 15)	889	-	2,042	-
2640	Net defined benefit liability - non-current (Note 4, 24 & 27)	22,707	1	21,137	1
2670	Other non-current liabilities - other	13,372	-	13,625	-
25XX	Total non-current liabilities	1,323,288	40	1,183,525	34
2XXX	Total liabilities	2,096,170	64	2,305,225	67
	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (Note 25)				
3110	Ordinary shares	1,080,798	33	1,080,798	31
3200	Capital surplus	102,301	3	102,301	3
	Retained earnings (losses to be compensated)				
3310	Legal reserve	3,166	-	3,166	-
3350	Undistributed earnings (losses to be compensated)	22,622	1	(37,316)	(1)
3300	Total retained earnings	25,788	1	(34,150)	(1)
3400	Other equity	(26,992)	(1)	(12,034)	-
31XX	Total equity attributable to the owners of the Company	1,181,895	36	1,136,915	33
3XXX	Total equity	1,181,895	36	1,136,915	33
	TOTAL	$ 3,278,065	100	$ 3,442,140	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: CHEN, QING-JIN General Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	OPERATING REVENUE (Note 4, 26 & 33)	$ 824,026	100	$ 783,512	100
5000	OPERATING COSTS (Note 10 & 27)	(700,686)	(85)	(614,529)	(79)
5900	GROSS PROFIT	123,340	15	168,983	21
	OPERATING EXPENSES (Note 9, 22, 24, 27 & 33)				
6100	Selling expenses	(15,397)	(2)	(14,454)	(2)
6200	Administrative expenses	(463,370)	(56)	(232,726)	(29)
6300	Research and development expenses	(70,931)	(9)	(54,457)	(7)
6450	Expected credit impairment gains (losses)	(10,390)	(1)	1,871	-
6000	Total operating expenses	(560,088)	(68)	(299,766)	(38)
6900	NET LOSS FROM OPERATIONS	(436,748)	(53)	(130,783)	(17)
	NON-OPERATING INCOME AND EXPENSES (Note 13 & 27)				
7100	Interest income	6,064	1	7,585	1
7010	Other income	92,587	11	105,382	14
7020	Other gains and losses	485,086	59	48,369	6
7050	Financial cost	(53,856)	(7)	(49,654)	(6)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	2,715	-	(5,317)	(1)
7000	Total non-operating income and expenses	532,596	64	106,365	14
7900	NET PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	95,848	11	(24,418)	(3)
7950	INCOME TAX EXPENSE (Note 4 & 28)	(34,488)	(4)	(9,058)	(1)
8200	NET PROFIT (LOSS) FOR THE YEAR	61,360	7	(33,476)	(4)

(Continued on the next page)

(Continued from the previous page)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	OTHER COMPREHENSIVE INCOME				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement amounts of defined benefit plans	($ 1,778)	-	($ 4,799)	(1)
8349	Income tax related to items not reclassified	356	-	960	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(14,958)	(2)	23,085	3
8300	Other comprehensive income (net amount)	(16,380)	(2)	19,246	2
8500	TOTAL COMPREHENSIVE INCOME	$ 44,980	5	($ 14,230)	(2)
	Net loss attributable to:				
8610	Owners of the parent company	$ 61,360	7	($ 33,476)	(4)
8620	Non-controlling interests	-	-	-	-
8600		$ 61,360	7	($ 33,476)	(4)
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 44,980	5	($ 14,230)	(2)
8720	Non-controlling interests	-	-	-	-
8700		$ 44,980	5	($ 14,230)	(2)
	Earnings (loss) per share (Note 29)				
9710	Basic	$ 0.57		($ 0.31)	
9810	Diluted	$ 0.57		($ 0.31)	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: CHEN, QING-JIN

General Manager: CHEN, QING-JIN

Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code				Retained earnings		Other equity	
		Share capital	Capital surplus	Legal reserve	Undistributed earnings (losses to be compensated)	Exchange differences on translation of the financial statements of foreign operations	Total equity
A1	Balance on January 1, 2022	$ 1,080,798	$ 353,093	$ 3,166	($ 253,313)	($ 35,119)	$ 1,148,625
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	2,520	-	-	-	2,520
C11	Capital reserve to offset losses	-	(253,312)	-	253,312	-	-
D1	Net loss for 2022	-	-	-	(33,476)	-	(33,476)
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	(3,839)	23,085	19,246
D5	Total comprehensive income for 2022	-	-	-	(37,315)	23,085	(14,230)
Z1	Balance on December 31, 2022	1,080,798	102,301	3,166	(37,316)	(12,034)	1,136,915
D1	Net profit for 2023	-	-	-	61,360	-	61,360
D3	Other comprehensive income (loss) for 2023, net of income tax	-	-	-	(1,422)	(14,958)	(16,380)
D5	Total comprehensive income for 2023	-	-	-	59,938	(14,958)	44,980
Z1	Balance on December 31, 2023	$ 1,080,798	$ 102,301	$ 3,166	$ 22,622	($ 26,992)	$ 1,181,895

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: CHEN, QING-JIN General Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net profit (loss) before tax for the current year	$ 90,083	($ 28,290)
A20010	Income and expense items		
A20100	Depreciation expenses	53,866	51,825
A20200	Amortization expenses	2,499	1,959
A20300	Expected credit impairment reversal of gains	(346)	(1,425)
A20400	Net (profit) loss on financial assets and liabilities at fair value through profit or loss	(621)	1,723
A20900	Financial cost	36,375	32,062
A21200	Interest income	(1,297)	(1,001)
A22300	Share of profit (loss) of subsidiaries and associates accounted for using the equity method	(233,367)	(62,065)
A22500	Gain (loss) on disposal and write-off of property, plant, and equipment	(150)	(312)
A22600	Property, plan and equipment transferred to expenses	59	-
A23700	Loss (reversal gains) for market price decline and obsolete and slow-moving inventories	4,863	(4,669)
A23900	Unrealized gains with subsidiaries	1,157	638
A24000	Realized gains with subsidiaries	(859)	(5,474)
A24100	Loss (gain) on foreign currency exchange	(20,158)	312
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	460	1,042
A31150	Accounts receivable	(22,055)	59,350
A31180	Other receivables	23,008	4,480
A31200	Inventories	4,157	(28,745)
A31230	Prepayments	(6,240)	(1,010)
A31240	Other current assets	347	1,038
A31250	Other financial assets	(10,088)	109,085
A31990	Other non-current assets	861	(916)
A32130	Notes payable	(1,485)	(315)
A32150	Accounts payable	21,652	(9,087)
A32180	Other payables	(24,634)	10,521
A32200	Provision for liabilities	142	46

(Continued on the next page)

(Continued from the previous page)

Code		2023	2022
A32230	Other current liabilities	$ 3,112	$ 4,963
A32240	Accrued pension liabilities	(208)	(7,597)
A33000	Cash inflow (outflow) generated from operations	(78,867)	128,138
A33100	Interest received	1,298	818
A33300	Interest paid	(36,001)	(31,363)
A33500	Income tax received	(45)	(32)
AAAA	Net cash flows from (used in) operating activities	(113,615)	97,561
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets measured at fair value through profit or loss	-	(15,330)
B02400	Proceeds from capital reduction of investments accounted for using equity method	79,950	-
B02700	Acquisition of property, plant and equipment	(52,739)	(46,288)
B02800	Disposal of property, plant and equipment	150	353
B03800	Decrease in refundable deposits	3,000	39,700
B04500	Payments for intangible assets	(900)	(966)
B07100	Increase in prepayments for equipment	-	(1,606)
B07600	Dividends received	1,265	1,538
BBBB	Net cash flows from (used in) investing activities	30,726	(22,599)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	73,314	124,615
C01200	Issuance of corporate bonds	-	250,000
C01300	Repayment of corporate bonds	-	(250,000)
C01600	Proceeds from long-term borrowings	50,000	515,300
C01700	Repayment of long-term loans	(96,762)	(676,865)
C04020	Repayment of the principal portion of lease liabilities	(1,118)	(1,084)
CCCC	Net cash flows from (used in) financing activities	25,434	(38,034)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,523)	637
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,978)	37,565
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	96,621	59,056
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 37,643	$ 96,621

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: CHEN, QING-JIN

General Manager: CHEN, QING-JIN

Accounting Supervisor: CHEN, YONG-CANG

【Attachment 4】

LEATEC FINE CERAMICS CO., LTD.
List of Director Candidates (Board Nomination)

Category	Name	Education	Experience	Current Position	Number of Shares Held (shares)	Name of Government or Juristic Person Represented	Other Related Information
Director	CHEN, QING-JIN	Graduated from National Keelung Commercial & Industrial Vocational Senior High School	Chairman, YETI ELECTRONICS CO., LTD.	Chairman and President, LEATEC FINE CERAMICS CO., LTD. Responsible Person, COSMOS Harvest International Limited Responsible Person, LEATEC Fine Ceramics (Samoa) Co., Ltd. Chairman and President, LEATEC Fine Ceramics (Kunshan) Co., Ltd. Responsible Person, LEATEC Application Materials (Kunshan) Co., Ltd.	5,211,045	None	None
Director	CHEN, JUAN-TING	Graduated from Rutgers, The State University of New Jersey, Department of Materials Engineering	East Asia Office Manager, Bo Xun (USA) Co., Ltd..	Director, LEATEC Fine Ceramics (Kunshan) Co., Ltd. Director, LEATEC Application Materials (Kunshan) Co., Ltd. Chief Operating Officer, LEATEC FINE CERAMICS CO., LTD.	2,314,184	None	None
Director	WU, WANG-CHI	Nanya Institute of Technology, Department of Textile	Factory director, LEATEC Fine CE Ceramics Co Ltd. Factory director, LEATEC Fine Ceramics (Kunshan) Co., Ltd.	Senior Manufacturing Director, LEATEC Fine Ceramics Co., Ltd.	17,000	None	None

Director	HUANG, LIAN-CHENG	Graduated from Tamkang University, Department of Business Administration	Underwriter Manager, Yuanta Securities Co., Ltd. Specialist, CTBC Bank Co., Ltd.	Director, TAIWAN CAN CORPORATION Supervisor, Typhone Inc. President, LIEN CHENG CONFERENCE CONSULTING CO., LTD.	1,708,000	None	None
Director	ALPIN INTERNATIONAL CO., LTD.	N/A	N/A	N/A	1,550,000	ALPIN INTERNATIONAL CO., LTD.	None
Independent Director	GUO, XIAN-ZHANG (Note)	Ph.D. in Management, National Chiao Tung University	President and Professor of Finance, Takming University of Science and Technology Professor and Chair, Department of Finance, National Chi Nan University Chairman, Financial Engineering Association of Taiwan (FeAT) Awarded the K.T. Lee Management Medal, Chinese Association of Management Science	Honorary Chair Professor, Ming Chi University of Technology Honorary Professor, Shih Chien University Adjunct Professor, Department of Finance, National Chi Nan University Honorary Chairman, Financial Engineering Association of Taiwan (FeAT) Independent Director, HUNG CHOU FIBER INDUSTRIAL CO., LTD.	0	None	None
Independent Director	LIN, JING	Ph.D. in International Business, Paris 1 Panthéon-Sorbonne University	Professor, Graduate Institute of International Business, National Taipei University Chairman, BankTaiwan Securities Co., Ltd. Chairman, CTBC Finance Co., Ltd. Chairman, Taiyen Biotech Co., Ltd.	Full-time Professor, Graduate Institute of International Business, National Taipei University Independent Director, SANITAR CO., LTD.	0	None	None
Independent Director	CHEN, JIA-RONG	Ph.D. in Resource and Energy Economics, West Virginia University	Vice Dean, College of Engineering, National Cheng Kung University	Independent Director, China Ecotek Corporation Honorary Professor, Department of Resource Engineering, National Cheng Kung University	0	None	None

Independent Director	WANG, JIN-YAN	Master's in Management, Institute of Human Resource Management, National Central University	Practicing Accountant, Deloitte & Touche	Practicing Accountant, Hao Yu Accounting Firm Independent Director, Taipei Star Bank Co., Ltd. Independent Director, Cyber Power Systems, Inc. Juristic PersonDirector Representative, Sentec E&E Co., Ltd.	0	None	None
Note: Independent director candidate GUO, XIAN-ZHANG has served as an independent director of the Company for three terms (serving from 2015/5/19 to 2024/6/19, a total of 9 years). Considering his financial expertise and familiarity with relevant laws and corporate governance experience, which have been significantly beneficial to the Company, GUO, XIAN-ZHANG is again listed as one of the independent director candidates this time. This allows him to continue exercising his expertise and providing professional oversight to the board.							

【Appendix 1】

LEATEC FINE CERAMICS CO., LTD.
Rules of Procedure for Shareholders Meetings

Article 1

Except as otherwise provided by laws and regulations, the Company's shareholders' meetings shall be conducted in accordance with these rules.

Article 2

Shareholders attending the meeting or their proxies should wear attendance badges and submit their sign-in cards in place of signing the attendance register. The number of shares present shall be calculated based on the sign-in cards submitted or the attendance register. Attendance and voting at the shareholders' meeting shall be calculated based on the number of shares held.

Article 3

If the shareholders' meeting is convened by the board of directors, the chairman of the board shall preside over the meeting. If the chairman is on leave or unable to exercise his/her powers for any reason, he/she shall appoint a director to act as his/her proxy. If the chairman does not appoint a proxy, the directors shall elect one from among themselves. If the shareholders' meeting is convened by a party other than the board of directors who has the right to convene the meeting, the convener shall preside over the meeting. If there is more than one convener, they shall elect one from among themselves.

Article 4

Unless otherwise provided by the Company Act, when the meeting time has arrived and more than half of the total number of issued shares are present, the chairman shall immediately call the meeting to order and announce the number of non-voting shares and the number of shares present. If the quorum is not met at the scheduled meeting time, the chairman may announce a postponement, but the number of postponements is limited to two, with the total time of postponements not exceeding one hour. If the quorum is not met after two postponements but more than one-third of the total number of issued shares are present, a "tentative resolution" may be adopted in accordance with Article 175 of the Company Act by a majority of the voting rights present. If the number of shares represented by the shareholders present reaches the legal quorum during the process of adopting the tentative resolution, the chairman may call the meeting to order and submit the tentative resolution for approval by the meeting.

Article 5

If the shareholders' meeting is convened by the board of directors, the agenda shall be set by the board of directors. The meeting shall proceed according to the scheduled agenda and shall not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. After the meeting is adjourned, shareholders may not elect another chair to continue the meeting at the original site or another location, except as otherwise provided by law.

Article 6

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the confirmed content of the speech shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 7

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

Article 8

Shareholders attending the meeting who wish to make inquiries about the agenda items must speak only after all reports listed on the agenda have been read or reported by the chair or the person designated by the chair. Each shareholder may speak no more than twice on each report item, with each speech limited to five minutes unless otherwise approved by the chair.

For the acknowledgment items and discussion items listed in the agenda, and each motion proposed during the extraordinary motion procedure, each shareholder may speak no more than twice on the same proposal, with each speech limited to five minutes, but may be extended for three minutes with the chair's approval, limited to one extension. If a shareholder's speech violates the above rules or exceeds the scope of the proposal, the chair may stop their speech. If the shareholder continues to speak or otherwise disrupts the meeting procedure, the chair may take necessary measures to maintain order and ensure the smooth progress of the meeting. After a shareholder's speech, the chair or a designated person may respond.

Article 9

When the chair believes that a proposal has been sufficiently discussed, they may announce the end of the discussion and call for a vote. Except as otherwise provided in the Company Act, the passage of a proposal requires an affirmative vote of a majority of the voting rights represented by the attending shareholders. If the chair inquires and there is no objection, the proposal is deemed passed, having the same effect as a vote. However, the election of directors shall be conducted according to the Procedures for Election of Directors.

Article 10

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

Article 11

During the meeting, the chair may announce a break at an appropriate time. If an air raid alarm or other incidents prevent the meeting from continuing, the meeting shall be immediately suspended, and attendees shall evacuate on their own. The meeting shall resume one hour after the alarm is lifted or the incident ends.

Article 12

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

Article 13

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. The personnel handling the affairs of the shareholders meeting shall wear identification badges or armbands.

Article 14

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

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results, and shall be retained for the duration of the existence of the Company.

Article 16

The Company shall record or videotape the entire process of the shareholders meeting and keep the recordings for at least one year.

Article 17

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

【Appendix 2】

LEATEC FINE CERAMICS CO., LTD.
Procedures for Election of Directors

Article 1

The election, re-election, and by-election of the Company's directors (including independent directors, hereinafter the same) shall be conducted in accordance with these procedures.

Article 2

The directors of the Company shall be elected by the shareholders' meeting from among persons with legal capacity.

Article 3

The election of the Company's directors shall adopt the single-non-transferable cumulative voting method. The shareholder's attendance card number printed on the ballot shall serve as the voter's identification. In the election of the Company's directors, each share has voting rights equivalent to the number of directors to be elected, which can be concentrated on one candidate or distributed among several candidates.

Article 4

At the beginning of the election, the chair shall appoint a number of scrutineers and vote counters to execute various related duties.

Article 5

The directors of the Company shall be elected based on the number of votes received, with those receiving the highest number of votes elected sequentially according to the number of positions available. In the event of a tie where the number of winning candidates exceeds the specified number of positions, the tied candidates shall draw lots to determine the winner, with the chair drawing lots on behalf of any absentee.

If a person elected as a director is found to be ineligible or unsuitable according to the relevant laws and regulations, the vacancy shall be filled by the next eligible candidate with the highest number of votes.

Article 6

Ballots shall be prepared by the convener and distributed to shareholders based on their attendance card numbers and the number of directors to be elected. Each ballot shall proportionally reflect the voting rights of each shareholder.

Article 7

[Deleted]

Article 8

A ballot is invalid under any of the following circumstances:

1. The ballot is not prepared in accordance with Article 6.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.

4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's account name, identity card number or tax identification number do not match or are incorrect.
5. The ballot contains any writing other than the specified items required by Article 7.
6. The ballot is not filled out in accordance with Article 7.
7. More than one candidate is listed on the same ballot.

Article 9

A ballot box shall be prepared for the election of directors. After voting, the scrutineers and vote counters shall jointly open the ballot box and count the votes.

Article 10

The vote counting shall be overseen by the scrutineers, and the results shall be announced by the chair on-site, along with the list of elected directors.

Article 11

The board of directors of the Company shall issue notifications respectively to the persons elected as directors.

Article 12

Matters not provided for herein shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 13

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

【Appendix 3】

LEATEC FINE CERAMICS CO., LTD.
Articles of Incorporation

Article 1

This company is organized in accordance with the Company Law and is named as LEATEC FINE CERAMICS CO., LTD.

Article 2

The business of this company includes:
1.The manufacturing, processing, and trading of alumina ceramic substrates.
2.The manufacturing, design, processing, and trading of ceramic assembly substrates.
3.The manufacturing, design, processing, and trading of structural ceramic components.
4.The manufacturing, design, processing, and trading of electronic functional ceramic components.
5.The manufacturing, design, processing, and trading of thick film circuit components.
6.The manufacturing, design, processing, and trading of thin film circuit components.
7.Import and export trade of the above products.
8.F106030 Wholesale of Die
9. F206030 Retail Sale of Molds
10. F107100 Wholesale of Chemical Materials
11. F207100 Retail Sale of Chemical Materials
12. F107170 Wholesale of Industrial Catalyst
13. F207170 Retail Sale of Industrial Catalyst
14. F107190 Wholesale of Plastic Films and Bags
15. F207190 Retail Sale of Plastic Films and Bags
16. F120010 Wholesale of Refractory Materials
17. F220010 Retail Sale of Refractory Materials
18. F601010 Intellectual Property Rights
19. I501010 Product Designing
20. ZZ9999All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1

The company may provide external guarantees and invest in other businesses as needed for business. The total amount of investment can exceed 40% of the company's paid-up capital.

Article 3

The company's head office is located in Taoyuan City, and branches can be established at home and abroad as necessary with the resolution of the board of directors.

Article 4

The method of announcement of this company shall be handled in accordance with Article 28 of the Company Law.

Chapter 2 Shares

Article 5

The total capital of this company is set at NT$ 1.5 billion, divided into 1500 million shares, each share is NT$ 10, issued in installments. The total capital reserve of NT$ 50 million is reserved for the issuance of employee stock options, each share is NT$ 10, and can be issued in installments by the resolution of the board of directors.

Article 6

[deleted]

Article 7

The stock of this company is generally registered. It is signed or sealed by the director representing the company and issued after being verified according to the law. The registered shares issued by this company may be exempted from printing the stock certificates as needed.

Article 8

The registration of the transfer of shares shall not be done within sixty days prior to the general meeting of shareholders, thirty days prior to the extraordinary meeting of shareholders, or five days prior to the base date when the company decides to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 9

There are two types of shareholder meetings, regular and special. Regular meetings are held once a year and convened within six months after the end of each fiscal year. Extraordinary meetings are convened as necessary in accordance with relevant laws and regulations.

Article 10

When a shareholder is unable to attend a shareholder meeting for some reason, they may issue a proxy form issued by the company that states the scope of authorization and appoint a proxy to attend. The method of attendance by proxy of the shareholders, in addition to the provisions of Article 177 of the Company Law, shall be handled in accordance with the "Rules for Publicly Issued Companies to Use Proxy Forms to Attend Shareholders Meetings" promulgated by the competent authority.

Article 11

Each share of this company has one voting right, except as otherwise provided by the Company Law.

Article 12

The resolution of the shareholders' meeting, unless otherwise provided by the Company Law, should be attended by shareholders representing more than half of the total number of issued shares and approved by more than half of the voting rights of the attending shareholders.

Chapter 4 Directors and Supervisors

Article 13

The company sets up seven to nine directors and three supervisors, with a term of three years. They are nominated by the candidate nomination system and elected by the shareholders' meeting. They can be re-elected. After the election, they can purchase liability insurance for the directors and supervisors according to the scope of their business execution during their term of office through the resolution of the board of directors.

The number of directors stipulated in the preceding paragraph should set up independent directors. The number of independent directors should not be less than three and should not be less than one-fifth of the director seats. Independent directors are nominated by the candidate nomination system and are elected by shareholders from the list of independent director candidates. The independent directors and non-independent directors should be elected together, and the elected seats should be calculated separately. Regarding the professional qualifications, shareholding, part-time restrictions, nomination and other matters that independent directors should follow, they should be handled in accordance with relevant laws and regulations.

The company can set up an audit committee according to the provisions of Article 14-4 of the Securities Exchange Act, which is composed of all independent directors and the number of members should not be less than three.

The exercise of the powers of the audit committee and its members should be handled in accordance with the relevant provisions of the Securities Exchange Act. After the company sets up an audit committee, the provisions of this charter regarding supervisors will no longer apply.

Article 14
The board of directors is organized by the directors, and the chairman of the board is elected by more than two-thirds of the directors present and with the consent of more than half of the directors present. A vice-chairman may also be elected. The chairman represents the company externally. If a director cannot attend the board meeting for any reason, they may issue a power of attorney and specify the scope of authorization for the meeting, but each director can only accept the proxy of one person. The board of directors' meeting should specify the purpose of the meeting and notify all directors and supervisors 7 days in advance, but in case of emergency, it can be convened at any time. The notice can be given in writing, by email, or by fax.

Article 15
When the chairman is absent or unable to exercise his powers, a representative will act in accordance with Article 208 of the Company Law. During the recess of the board of directors, the chairman is authorized to exercise the powers of the board of directors, and the specific scope of authorization is as defined in the board of directors' meeting rules.

Article 16

The remuneration of the directors and supervisors of the company is based on their participation in the company's operations and contributions. The board of directors is authorized to pay according to the usual level of the industry.

Chapter 5 Managers

Article 17

The company may appoint a general manager, deputy general manager, and chief financial officer. Their appointment, dismissal, and remuneration are handled in accordance with Article 29 of the Company Law.

Chapter 6 Accounting

Article 18

At the end of each fiscal year, the board of directors shall prepare the following documents for the shareholders' meeting 30 days in advance for the review of the supervisors and submit them to the shareholders' meeting for approval.
1. Business report.
2. Financial statements.
3. Proposals for distribution of profits or covering of losses.

Article 19
If the company makes a profit in the fiscal year, 1.5% to 15% should be set aside as employee remuneration, which can be distributed in the form of stock or cash according to the board's resolution. The recipients include employees of subsidiary companies that meet certain conditions. The company can set aside up to 5% of the profit as remuneration for directors and supervisors. The distribution plan for employee remuneration and remuneration for directors and supervisors should be reported to the shareholders' meeting. However, if the company still has accumulated losses, the amount should be reserved in advance, and then employee remuneration and remuneration for directors and supervisors should be set aside according to the above proportion.

Article 20

If the company makes a profit in the fiscal year, after paying taxes and covering accumulated losses, 10% should be set aside as a legal reserve. But when the legal reserve has reached the company's paid-in capital, it is no longer necessary to set it aside. The rest can be set aside or reversed as special surplus reserves according to legal provisions. If there is still a balance, along with accumulated undistributed profits, the board of directors will propose a profit distribution plan, and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders.

Article 20-1

Dividend policy:

1. This company is in a growth phase, and the dividend policy is formulated considering factors such as the company's capital requirements, financial structure, and profits. The Board of Directors proposes a profit distribution plan, which is implemented after being approved by the shareholders' meeting.
2. The company considers a balanced and stable dividend policy and will distribute dividends in the form of stock or cash dividends, depending on capital needs and the dilution level of earnings per share.
3. The dividends mentioned in the previous item can be allocated based on the actual operating conditions of the current year and the capital budget planning for the following year, deciding the most appropriate distribution of dividends.

Chapter 7 Supplementary Provisions

Article 21

Any matter not covered in this charter will be handled in accordance with the Company Law.

Article 22
The Article was established on November 26, 1991.
The first revision was made on December 24, 1991.
The second revision was made on April 17, 1992.
The third revision was made on April 19, 1993.
The fourth revision was made on June 13, 1994.
The fifth revision was made on December 24, 1994.
The sixth revision was made on June 22, 1995.
The seventh revision was made on November 16, 1995.
The eighth revision was made on June 15, 1999.
The ninth revision was made on May 10, 2000.
The tenth revision was made on April 19, 2001.
The eleventh revision was made on June 5, 2002.
The twelfth revision was made on June 5, 2002.
The thirteenth revision was made on June 15, 2004.
The fourteenth revision was made on June 20, 2006.
The fifteenth revision was made on May 30, 2007.
The sixteenth revision was made on May 29, 2008.
The seventeenth revision was made on June 10, 2009.
The eighteenth revision was made on June 25, 2010.
The nineteenth revision was made on June 22, 2012.
The twentieth revision was made on June 20, 2014.
The twenty-first revision was made on May 19, 2015.
The twenty-second revision was made on June 16, 2016.
The twenty-third revision was made on June 18, 2020.

【Appendix 4】

LEATEC FINE CERAMICS CO., LTD.

Shareholding of Directors

Book Closure Date: April 22, 2024

Title	Name of Company Name	Number of Shares Held on Book Closure Date
		Number of Shares
Chairman	CHEN, QING-JIN	5,211,045
Vice Chairman	CHEN, JUAN-TING	2,314,184
Director	WU, ZE-YAO	855,000
Director	HUANG, LIAN-CHENG	1,708,000
Director	ALPIN INTERNATIONAL CO., LTD.	1,550,000
Independent Director	GUO, XIAN-ZHANG	0
Independent Director	LAI, SHAN-GUI	0
Independent Director	CHEN, JIA-RONG	0
Independent Director	WANG, JIN-YAN	0
Total shares held by all directors		11,638,229
Minimum shareholding required for all directors under Article 26 of the Securities and Exchange Act		8,000,000

Note 1: As of April 22, 2024, the Company's paid-in capital is NT$1,080,797,510, with 108,079,751 shares issued.

LEATEC FINE CERAMICS CO., LTD.

Chairman: CHEN, QING-JIN