

M3TEK

Stock Symbol: 6799

M3 Technology Inc.

**2023 Annual Shareholders' Meeting
Meeting Handbook**

Time: May 24, 2023 (Wednesday) 9:00A.M.

Place: B1, No. 19, Ln. 178, Ruihu St., Neihu Dist., Taipei City

Meeting Type: Physical Shareholders' Meeting

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M3 Technology Inc.

Procedure for the 2023 Annual Shareholders' Meeting

- I. Call meeting to order
- II. Chairman's Address
- III. Report Items
- IV. Ratification Items
- V. Discussion Items
- VI. Election Matters
- VII. Other Motions
- VIII. Extempore Motions
- IX. Adjournment

M3 Technology Inc.

Agenda of 2023 Annual Shareholders' Meeting

Time: May 24, 2023 (Wednesday) 9:00A.M.

Place: B1, No. 19, Ln. 178, Ruihu St., Neihu Dist., Taipei City

Meeting Type: Physical Shareholders' Meeting

1. The chairman calls the meeting to order (report on the number of attending shares)
2. Chairman's Address
3. Report Items
 - (1) Business Report in 2022 of the Company.
 - (2) Audit Committee Review Report on 2022 Financial Statements.
 - (3) Distribution of 2022 Directors Remuneration.
 - (4) Distribution of 2022 Employees Remuneration.
 - (5) Distribution of Cash Dividends of 2022.
 - (6) Implementation status of share repurchase of the Company of 2022.
4. Ratification Items
 - (1) 2022 Parent company only financial statements, consolidated financial statements and business report of the Company.
 - (2) The Company's 2022 earnings distribution proposal.
5. Discussion Items
 - (1) Amendment to the Articles of Incorporation of the Company.
 - (2) Amendment to the Procedures for Election of Directors of the Company.
 - (3) Amendment to the Rules of Procedure for Shareholders Meeting of the Company
6. Election Items: Election of Directors (Including Independent Directors).
7. Other motions: Release the Restriction on Directors (Including its Representative) from Participation in Competitive Business.
8. Extempore Motions
9. Adjournment.

[Report Items]

Proposal 1: Business Report in 2022 of the Company is hereby presented for your review.

Explanation: The Company's 2022 Business Report is attached herein (Please refer to Attachment 1 of this Handbook).

Proposal 2: Audit Committee Review Report on 2022 Financial Statements is hereby presented for your review.

Explanation: Audit Committee Review Report on 2022 Financial Statements is attached herein (Please refer to Attachment 2 of this Handbook).

Proposal 3: Distribution of 2022 Directors Remuneration is hereby presented for your review.

Explanation: 1. In accordance with Article 25 of Articles of Incorporation and the recommendations of the Remuneration Committee, the Company distribute remuneration of directors in the amount of NT\$4,501,364, is in 1% contribution rate. These amounts are the same as the estimated remuneration of directors in 2022.

2. Remuneration of directors of 2022 is distributed in cash.

Proposal 4: Distribution of 2022 Employees Remuneration is hereby presented for your review.

Explanation: 1. In accordance with Article 25 of Articles of Incorporation and the recommendations of the Remuneration Committee, the Company distribute remuneration of employees in the amount of NT\$72,021,836, is in 16% contribution rate. These amounts are the same as the estimated remuneration of employees in 2022.

2. Remuneration of employees of 2022 is distributed in cash.

Proposal 5: Distribution of Cash Dividends of 2022 is hereby presented for your review.

Explanation: 1. The cash dividends is total NT\$121,817,406, and for common shares at NT\$3.05 per share will be distributed.

2. Distribute cash according to the proportion of shares held by shareholders recorded on the Shareholders List as of ex-dividend date. Cash dividends distributed to each shareholder will be rounded down to the nearest dollar (if it is less than NT\$1, round it off). The total amount under NT\$1 due to the rounding off will be recognized as the Company's other income.
3. If there is a subsequent change in the number of outstanding shares of the Company due to the issuance of new shares, stock buyback, or the exercise of the employee stock option, the chairman is authorized to make proportional adjustments.
4. Upon the approval of the Annual Shareholders' Meeting, it is proposed that the chairman be authorized to resolve the ex-dividend date, ex-rights date and other relevant issues.

Proposal 6: Implementation status of share repurchase of the Company of 2022 is hereby presented for your review.

Explanation: Implementation status of share repurchase of the Company of 2022 is attached herein (Please refer to Attachment 3 of this Handbook).

[Ratification Items]

Proposal 1: 2022 Parent company only financial statements, consolidated financial statements and business report of the Company are hereby submitted for your adoption. (Proposed by the Board of Directors)

Explanation: 1. The Company's 2022 Parent Company only Financial Statements and Consolidated Financial Statements have been resolved and passed by the board of director and audited by CPA Ming-Yen Chien, CPA Cheng-Chun Chiu from Deloitte Taiwan.

2. The above-mentioned financial statements along with the business report were submitted to the Audit Committee for review. The review report shall be presented to request ratification at the shareholders' meeting. (Please refer to Attachments 4 and 5 of this Handbook for the 2022 Parent Company Only Financial Statements and Consolidated Financial Statements. Refer to Attachment 1 of this Handbook for the business report)

Resolution:

Proposal 2: The Company's 2022 earnings distribution proposal is hereby submitted for your adoption. (Proposed by the Board of Directors)

Explanation: 1. The 2022 net income after tax of the Company is NT\$296,018,698, the provision of legal reserve by law is NT\$29,601,870, plus NT\$167,585,952 of the undistributed retained earnings in the previous year, so the current period's distributable earnings amount to NT\$434,002,780.

2. The cash dividends amount is NT\$121,817,406, and for common shares at NT\$3.05 per share will be distributed.

3. Distribute cash according to the proportion of shares held by

shareholders recorded on the Shareholders List as of ex-dividend date. Cash dividends distributed to each shareholder will be rounded down to the nearest dollar (if it is less than NT\$1, round it off). The total amount under NT\$1 due to the rounding off will be recognized as the Company's other income.

4. If there is a subsequent change in the number of outstanding shares of the Company due to the issuance of new shares, stock buyback, or the exercise of the employee stock option, the chairman is authorized to make proportional adjustments.
5. 2022 Earnings Distribution Table is attached herein (Please refer to Attachment 6 of this Handbook).

Resolution:

[Discussion Items]

Proposal 1: Amendment to the Articles of Incorporation of the Company is hereby submitted for your approval. (Proposed by the Board of Directors)

Explanation: In accordance with the company's operational requirements, the Company plan to amend partial articles of Articles of Incorporation. Comparison Table of Amendment to the Articles of Incorporation is attached herein (Please refer to Attachment 7 of this Handbook).

Resolution:

Proposal 2: Amendment to the Procedures for Election of Directors of the Company is hereby submitted for your approval. (Proposed by the Board of Directors)

Explanation: 1. In accordance with the Company's practical needs, the Company plan to amend partial articles of “Procedures for Election of Directors”.

2. Comparison Table of Amendment to the Procedures for Election of Directors is attached herein (Please refer to Attachment 8 of this Handbook).

Resolution:

Proposal 3: Amendment to the Rules of Procedure for Shareholders Meeting of the Company is hereby submitted for your approval. (Proposed by the Board of Directors)

Explanation: 1. The amendment is in accordance with the amendment of “Regulations Governing the Administration of Shareholder Services of Public Companies” announced by Financial Supervision Commission on March 6, 2023, and amendment of “Sample Template for Rules of Procedure for Shareholders Meetings” announced by TWSE (announcement reference number 1120004167) on March 17, 2023.

2. Comparison Table of Amendment to the Rules of Procedure for Shareholders Meeting is attached herein (Please refer to Attachment 9 of this Handbook).

Resolution:

[Election Items]

Election of Directors (Including Independent Directors) (Proposed by the Board of Directors)

Explanation: 1. The tenure of the directors will expire on June 23, 2023. Election of directors (including independent directors) will take place at the annual shareholders' meeting in 2023.

2. Seven directors (including three independent directors) will be elected this year, and the new directors will assume their positions immediately following the shareholders' meeting. The duration of the tenure is three years, from May 24, 2023 to May 23, 2026.

Article 16 of the Company's Articles of Incorporation mandates a candidate nomination system for the election of directors.

Directors and independent directors shall be elected by shareholders from the List of Candidates for All Directors (including Independent Directors).

3. Comparison Table of Amendment to the Procedures for Election of Directors is attached herein (Please refer to Attachment 8 and Appendix 3 of this Handbook).
4. List of Director (Including Independent Director) Candidates is attached herein (Please refer to Attachment 10 of this Handbook).

Election results:

[Other Motions]

Release the Restriction on Directors (Including its Representative) from Participation in Competitive Business. (Proposed by the Board of Directors)

- Explanation: 1. In accordance with Article 209 of the Company Act, the director must explain the significance of their actions that fall within the scope of the Company's business at the shareholders' meeting and obtain approval for the actions whether for themselves or for others.
2. In view of the operational needs of the Company and those directors (including independent directors) might act in their own interests on matter within the Company's business scope, it is proposed to release the non-competition restrictions on directors and independent directors.
3. Details of Release the Restriction on Directors from Participation in Competitive Business is attached herein (Please refer to Attachment 11 of this Handbook).

Resolution:

[Exemplary Motion]

[Adjournment]

Business Report

COVID19 continues to have a negative impact on people's health and medical resources. M3 Technology Inc. adopts stringent pandemic prevention regulations in order to protect the health and safety of its employees, maintain normal operations, and provide customers with uninterrupted services. COVID-19 has altered the human way of life. Working from home, distance education, and the development of various electronic technology products with networking and intelligent functions have become commonplace in recent years, contributing to the growth of the semiconductor industry. Nonetheless, the Russia-Ukraine war, inflation, and rising interest rate have had a significant impact on market demand. In 2022, the business climate and market demand quickly reversed, making it an extremely challenging year for M3 Technology Inc. Consistent with the same long-term objective, we continue to enhance customer service. We will continue to increase the size of the R&D department, work on perfecting R&D technology and cutting-edge manufacturing processes, and constantly introduce new products to meet the needs of a growing customer base.

In 2022, the consolidated net revenue increased by approximately 11.9%, to NT\$1,179,809 thousand from NT\$1,054,785 thousand in prior year. The net operating profit increased by approximately 1.2%, or NT\$4,264 thousand, from NT\$349,439 thousand to NT\$353,703 thousand. Operating expenses increased by NT\$35,175 thousand, or approximately 19.6%, to NT\$214,866 thousand from NT\$179,691 thousand in prior year. The net profit was approximately NT\$296,019 thousand, and earnings per share was NT\$7.58, with a net margin of 25.09%. The company will Proactively invest in R&D for new products and the exploration of untapped markets in keeping with its long-term development strategy and the spirit of maintaining stable growth. This will allow the business to better respond to shifts in the structure of the industry, the needs of the market and customers, all of which are necessary for the company to sustain its growth. Therefore, the cost of labor, research and development, and sales expenses rose within a reasonable range.

The products of terminal applications on the market continue to expand. Simultaneously, new product lines and new customers continue to be developed to fuel revenue growth. Buck Converters, Boost Converters, and Controllers, PMUs, Chargers, Linear Regulators, and Load Switches are the primary categories of the company's products. The primary markets consist of the United States, Taiwan, China, and South Korea, with gradual expansion into Europe and other Asian regions. Communication products accounted for approximately 82.6% of total revenue in 2022, while consumer products accounted for approximately 17.4%.

Consistent investing in R&D has led to the completion of products developed for the next generation of WiFi-7 in 2022. Currently, testing and certification procedures are being conducted on behalf of the client. The second 200mm wafer foundry has been implemented, with the potential to significantly increase production capacity. Adding 10% to the total wafer production capacity in 2022, and with annual increases in production since then, this contribution is expected to grow. By 2023's close, the ratio is expected to have risen to between 25% and 35%. Currently, the Company is evaluating the viability of collaborating with other wafer foundries to initiate the development of the next-generation BCD65nm/BCD50nm advanced processes, which will be applied to the development of new products, thereby enhancing its technical capabilities and product competitiveness. The number of patents for R&D technologies continues to increase. 31 patents have been authorized by the end of 2022, with the United States, Taiwan, and mainland China among the authorized regions.

The world will continue to face severe challenges in 2023 due to war, epidemics, inflation, interest rate hikes, supply chain issues, and other problems. Adhering to the spirit of sustainable operation and steady growth, we continue to invest in R&D, recruit exceptional talent, and maintain a competitive advantage in the industry. We will continue to improve customer satisfaction by providing superior power management solutions for a variety of terminal applications, such as network communication equipment, consumption, industries, and computer peripherals. Faced with 5G & Wi-Fi 7 applications in the emerging field and the automation and intelligence development trends, we will continue to invest in research and development in related fields, such as Internet of Things applications and network communication equipment. In order to meet the requirements of applications in emerging fields, the Company collaborates with customers to develop and continuously launch new products that meet market and customer needs.

As part of its corporate social responsibility and adhering by the spirit of innovation, M3 Technology Inc. will continue to pursue high-quality products, reduce energy consumption, and preserve the earth. Uphold the values of honesty and sustainable operation, increase the company's worth for shareholders, and achieve mutual growth that benefits customers, employees, and shareholders.

Chairman of the Board: Chang-Yong Chen

CEO: David Da Meng

CFO: Shu-Hui Huang

M3 Technology Inc.
Audit Committee Review Report

The Board of Directors has prepared the 2022 financial statements (including parent company only and consolidated financial statements), and the business report, and earning distribution proposal have been prepared and submitted by the Board of Directors. The financial statements (including parent company only and consolidated financial statements) have been audited by CPA Ming-Yen Chien and CPA Cheng-Chun Chiu of Deloitte Taiwan, and an audit report has been issued. The aforementioned reports and statements prepared by the Board of Directors have been reviewed completely and determined to be correct and accurate by the Audit Committee. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

To:

M3 Technology Inc.

2023 Annual Shareholders Meeting

Audit Committee Convener: Zhi-Feng Jiang

February 23, 2023

M3 Technology Inc.

Implementation status of share repurchase of the Company

Batch Order	the 1st (Batch)
Board resolution date	October 11, 2022
Purpose of repurchase	Transfer of shares for employees
Actual repurchase period	October 12, 2022 to December 9, 2022
Price range	NT\$80 to NT\$125
Class, quantity of shares repurchased	1,276,000 common shares
Value of shares repurchased	NT\$134,835,434
Average price of each share repurchased	NT\$105.67
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	85.07%
Number of shares cancelled and transferred	0 shares
Accumulated number of company shares held	1,276,000 shares
Accumulated number of company shares held (%)	3.09%

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
M3 Technology Inc.

Opinion

We have audited the accompanying financial statements of M3 Technology Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Recognition of revenue from the specific customer

The revenue from specific customer amounted to NT\$422,728 thousand in 2022; such amount which accounted for 36% of sales revenue is a significant amount of the Company's financial statements. Therefore, recognition of revenue from the specific customer was deemed to be a key audit matter.

For the accounting policy on recognition of revenue from the specific customer, refer to Note 4 (1).

The audit procedures for the abovementioned key audit matter were as follows:

1. We understood the design and tested the effectiveness of the internal controls with respect to recognition of revenue from specific customer.
2. We sent out confirmation request to specific customer; we requested confirmation of the balance of trade receivables on December 31, 2022 and the total amount of revenue for the year.
3. We selected samples of sales to specific customer and validated the details against the supporting documents, including sales orders, delivery documents and cash received from customer to verify the occurrence of sales transactions.
4. We validated selected samples of sales returns and collection of trade receivables after the year-end against the data as of December 31, 2022.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Yen Chien and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

M3 TECHNOLOGY INC.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 1,028,986	68	\$ 566,933	55
Financial assets at amortized cost - current (Notes 4, 7 and 27)	13,863	1	12,742	1
Notes receivable (Notes 4, 8 and 18)	641	-	5,574	1
Trade receivables (Notes 4, 8, 18 and 26)	184,383	12	177,466	17
Other receivables (Notes 4 and 26)	52	-	10	-
Inventories (Notes 4, 5 and 9)	194,324	13	177,567	18
Prepayments (Note 26)	975	-	10,886	1
Total current assets	1,423,224	94	951,178	93
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	7,429	1	1,124	-
Property, plant and equipment (Notes 4 and 11)	32,975	2	33,791	3
Right-of-use assets (Notes 4 and 12)	1,153	-	3,094	-
Intangible assets (Notes 4 and 13)	10,990	1	7,323	1
Deferred tax assets (Notes 4 and 20)	7,130	-	4,372	1
Prepayments for equipment	167	-	-	-
Refundable deposits (Note 28)	24,506	2	24,506	2
Total non-current assets	84,350	6	74,210	7
TOTAL	\$ 1,507,574	100	\$ 1,025,388	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 14)	\$ -	-	\$ 67,671	6
Contract liabilities - current (Notes 4 and 18)	609	-	1,080	-
Accounts payable	54,763	4	77,960	8
Other payables (Notes 15 and 26)	124,676	8	99,360	10
Current tax liabilities (Notes 4 and 20)	44,867	3	69,409	7
Provisions - current (Note 4)	11,157	1	11,627	1
Lease liabilities - current (Notes 4 and 12)	1,217	-	2,010	-
Other current liabilities	743	-	695	-
Total current liabilities	238,032	16	329,812	32
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 12)	-	-	1,217	-
Credit balance on the carrying value of investments accounted for using the equity method (Notes 4 and 10)	-	-	11,077	1
Total non-current liabilities	-	-	12,294	1
Total liabilities	238,032	16	342,106	33
EQUITY (Notes 4, 17 and 22)				
Share capital	412,161	27	367,291	36
Capital surplus	494,954	33	4,144	1
Retained earnings				
Legal reserve	32,904	2	5,309	-
Unappropriated earnings	463,605	31	305,369	30
Total retained earnings	496,509	33	310,678	30
Other equity	753	-	1,169	-
Treasury shares	(134,835)	(9)	-	-
Total equity	1,269,542	84	683,282	67
TOTAL	\$ 1,507,574	100	\$ 1,025,388	100

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

M3 TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 18 and 26)				
Sales revenue	\$ 1,184,416	101	\$ 1,061,047	101
Sales returns and discounts	(7,691)	(1)	(6,459)	(1)
Sales revenue, net	1,176,725	100	1,054,588	100
Other operating revenue	3,084	-	197	-
Total operating revenue	1,179,809	100	1,054,785	100
OPERATING COSTS (Notes 4, 5, 9 and 19)	610,743	52	525,011	50
GROSS PROFIT	569,066	48	529,774	50
OPERATING EXPENSES (Notes 4, 19 and 26)				
Selling and marketing expenses	47,916	4	35,392	3
General and administrative expenses	44,839	4	48,851	5
Research and development expenses	133,690	11	88,978	8
Total operating expenses	226,445	19	173,221	16
PROFIT FROM OPERATIONS	342,621	29	356,553	34
NON-OPERATING INCOME AND EXPENSES				
Share of profit (loss) of subsidiaries (Notes 4 and 10)	12,528	1	(7,495)	(1)
Interest income	1,359	-	91	-
Other income	710	-	106	-
Gains on disposals of property, plant and equipment	465	-	-	-
Other gains and losses	470	-	(1,297)	-
Financial costs	(268)	-	(354)	-
Foreign exchange gains, net (Notes 4 and 19)	15,729	2	-	-
Foreign exchange loss, net (Notes 4 and 19)	-	-	(791)	-
Total non-operating income and expenses	30,993	3	(9,740)	(1)
PROFIT BEFORE INCOME TAX	373,614	32	346,813	33
INCOME TAX EXPENSE (Notes 4 and 20)	(77,595)	(7)	(70,863)	(7)
NET PROFIT FOR THE YEAR	296,019	25	275,950	26
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				

(Continued)

M3 TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Exchange differences on translation of the financial statements of foreign operations	\$ (416)	-	\$ 148	-
Other comprehensive income for the year	<u>(416)</u>	<u>-</u>	<u>148</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 295,603</u>	<u>25</u>	<u>\$ 276,098</u>	<u>26</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 7.58</u>		<u>\$ 7.51</u>	
Diluted	<u>\$ 7.01</u>		<u>\$ 6.99</u>	

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

(Concluded)

M3 TECHNOLOGY INC.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Ordinary Shares (Notes 4 and 17)		Capital Surplus (Notes 4, 17 and 22)	Retained Earnings (Note 17)			Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 17)	Treasury Shares (Notes 4 and 17)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Total			
BALANCE AT JANUARY 1, 2021	36,729	\$ 367,291	\$ 1,820	\$ -	\$ 53,093	\$ 53,093	\$ 1,021	\$ -	\$ 423,225
Appropriation of the 2020 earnings									
Legal reserve	-	-	-	5,309	(5,309)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(18,365)	(18,365)	-	-	(18,365)
Net profit for the year ended December 31, 2021	-	-	-	-	275,950	275,950	-	-	275,950
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	148	-	148
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	275,950	275,950	148	-	276,098
Employee share options issued by the Company (Note 22)	-	-	2,324	-	-	-	-	-	2,324
BALANCE AT DECEMBER 31, 2021	36,729	367,291	4,144	5,309	305,369	310,678	1,169	-	683,282
Appropriation of the 2021 earnings									
Legal reserve	-	-	-	27,595	(27,595)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(110,188)	(110,188)	-	-	(110,188)
Net profit for the year ended December 31, 2022	-	-	-	-	296,019	296,019	-	-	296,019
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	(416)	-	(416)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	296,019	296,019	(416)	-	295,603
Employee share options issued by the Company (Note 22)	-	-	821	-	-	-	-	-	821
Employee compensation cost for issuance of ordinary shares options (Note 22)	-	-	260	-	-	-	-	-	260
Issuance of ordinary shares for cash	3,655	36,550	486,459	-	-	-	-	-	523,009
Issuance of ordinary shares under employee share options	832	8,320	3,270	-	-	-	-	-	11,590
Buy-back of ordinary shares	-	-	-	-	-	-	-	(134,835)	(134,835)
BALANCE AT DECEMBER 31, 2022	41,216	\$ 412,161	\$ 494,954	\$ 32,904	\$ 463,605	\$ 496,509	\$ 753	\$ (134,835)	\$1,269,542

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

M3 TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 373,614	\$ 346,813
Adjustments for		
Depreciation expense	23,797	17,201
Amortization expense	10,156	4,517
Financial costs	268	354
Interest income	(1,359)	(91)
Compensation cost of employee share options	789	1,698
Share of (profit) loss of subsidiaries	(12,528)	7,495
Gain on disposal of property, plan and equipment	(465)	-
Write-down of inventories	18,422	1,503
Unrealized loss (gain) on foreign currency exchange	1,517	(1,058)
(Reversal) recognition of provisions	(470)	1,297
Changes in operating assets and liabilities		
Notes receivable	4,933	(347)
Trade receivables	(8,099)	(35,281)
Other receivables	(15)	-
Inventories	(35,179)	(100,399)
Prepayments	4,932	3,149
Contract liabilities	(471)	320
Notes payable	-	(207)
Accounts payable	(23,096)	21,354
Other payables	38,067	49,550
Other current liabilities	48	195
Net cash generated from operations	394,861	318,063
Interest received	1,334	86
Interest paid	(329)	(293)
Income tax paid	(104,895)	(3,627)
Net cash generated from operating activities	<u>290,971</u>	<u>314,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	9,500
Acquisition of property, plant and equipment	(38,435)	(17,073)
Proceeds from disposal of property, plant and equipment	465	-
Increase in refundable deposits	-	(24,000)
Acquisition of intangible assets	(8,745)	(3,899)
Increase in prepayments for equipment	(167)	-
Net cash used in investing activities	<u>(46,882)</u>	<u>(35,472)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	18,967	123,407
Decrease in short-term loans	(88,048)	(55,106)

(Continued)

M3 TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Repayment of the principal portion of lease liabilities	\$ (2,531)	\$ (2,490)
Cash dividend paid	(110,188)	(18,365)
Proceeds from issuing shares	523,009	-
Exercise of employee share options	11,590	-
Payments for buy-back of ordinary shares	<u>(134,835)</u>	<u>-</u>
Net cash generated from financing activities	<u>217,964</u>	<u>47,446</u>
NET INCREASE IN CASH	462,053	326,203
CASH AT THE BEGINNING OF THE YEAR	<u>566,933</u>	<u>240,730</u>
CASH AT THE END OF THE YEAR	<u>\$1,028,986</u>	<u>\$ 566,933</u>
The accompanying notes are an integral part of the financial statements.		(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
M3 Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of M3 Technology Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China.. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Recognition of revenue from the specific customer

The revenue from specific customer amounted to NT\$422,728 thousand in 2022; such amount which accounted for 36% of sales revenue is a significant amount of the Group's consolidated financial statements. Therefore, recognition of revenue from the specific customer was deemed to be a key audit matter.

For the accounting policy on recognition of revenue from the specific customer, refer to Note 4 (1).

The audit procedures for the abovementioned key audit matter were as follows:

1. We understood the design and tested the effectiveness of the internal controls with respect to recognition of revenue from specific customer.
2. We sent out confirmation request to specific customer; we requested confirmation of the balance of trade receivables on December 31, 2022 and the total amount of revenue for the year.
3. We selected samples of sales to specific customer and validated the details against the supporting documents, including sales orders, delivery documents and cash received from customer to verify the occurrence of sales transactions.
4. We validated selected samples of sales returns and collection of trade receivables after the year-end against the data as of December 31, 2022.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Yen Chien and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 1,036,230	69	\$ 571,378	55
Financial assets at amortized cost - current (Notes 4, 7 and 27)	13,863	1	12,742	1
Notes receivable (Notes 4, 8 and 18)	641	-	5,574	1
Trade receivables (Notes 4, 8, 18 and 26)	184,383	12	177,466	17
Other receivables (Note 4)	35	-	10	-
Inventories (Notes 4, 5 and 9)	194,324	13	177,567	17
Prepayments	1,424	-	11,321	1
Total current assets	1,430,900	95	956,058	92
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4 and 11)	36,249	2	35,364	3
Right-of-use assets (Notes 4 and 12)	2,861	-	6,313	1
Intangible assets (Notes 4 and 13)	11,049	1	7,323	1
Deferred tax assets (Notes 4 and 20)	7,130	-	4,372	1
Prepayments for equipment	167	-	-	-
Refundable deposits (Note 28)	24,715	2	24,761	2
Total non-current assets	82,171	5	78,133	8
TOTAL	\$ 1,513,071	100	\$ 1,034,191	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 14)	\$ -	-	\$ 67,671	7
Contract liabilities - current (Notes 4 and 18)	609	-	1,080	-
Accounts payable	54,763	4	77,960	8
Other payables (Note 15)	128,533	8	116,594	11
Current tax liabilities (Notes 4 and 20)	44,867	3	69,409	7
Provisions - current (Note 4)	11,157	1	11,627	1
Lease liabilities - current (Notes 4 and 12)	2,565	-	3,676	-
Other current liabilities	1,035	-	795	-
Total current liabilities	243,529	16	348,812	34
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 12)	-	-	2,097	-
Total non-current liabilities	-	-	2,097	-
Total liabilities	243,529	16	350,909	34
EQUITY (Notes 4, 17 and 22)				
Share capital	412,161	27	367,291	36
Capital surplus	494,954	33	4,144	-
Retained earnings				
Legal reserve	32,904	2	5,309	-
Unappropriated earnings	463,605	31	305,369	30
Total retained earnings	496,509	33	310,678	30
Other equity	753	-	1,169	-
Treasury shares	(134,835)	(9)	-	-
Total equity	1,269,542	84	683,282	66
TOTAL	\$ 1,513,071	100	\$ 1,034,191	100

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 18 and 26)				
Sales revenue	\$ 1,184,416	101	\$ 1,061,047	101
Sales returns and discounts	(7,691)	(1)	(6,459)	(1)
Sales revenue, net	1,176,725	100	1,054,588	100
Other operating revenue	3,084	-	197	-
Total operating revenue	1,179,809	100	1,054,785	100
OPERATING COSTS (Notes 4, 5, 9 and 19)	611,240	52	525,655	50
GROSS PROFIT	568,569	48	529,130	50
OPERATING EXPENSES (Notes 4 and 19)				
Selling and marketing expenses	57,891	5	46,872	4
General and administrative expenses	50,316	4	52,785	5
Research and development expenses	106,659	9	80,034	8
Total operating expenses	214,866	18	179,691	17
PROFIT FROM OPERATIONS	353,703	30	349,439	33
NON-OPERATING INCOME AND EXPENSES				
Interest income	1,372	-	99	-
Other income	2,121	-	131	-
Gains on disposals of property, plant and equipment	465	-	-	-
Other gains and losses	470	-	(1,297)	-
Financial costs	(309)	-	(375)	-
Foreign exchange gains, net (Notes 4 and 19)	15,792	2	-	-
Foreign exchange losses, net (Notes 4 and 19)	-	-	(1,184)	-
Total non-operating income and expenses	19,911	2	(2,626)	-
PROFIT BEFORE INCOME TAX	373,614	32	346,813	33
INCOME TAX EXPENSE (Notes 4 and 20)	(77,595)	(7)	(70,863)	(7)
NET PROFIT FOR THE YEAR	296,019	25	275,950	26
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(416)	-	148	-

(Continued)

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive income for the year	\$ (416)	-	\$ 148	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 295,603</u>	<u>25</u>	<u>\$ 276,098</u>	<u>26</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 7.58</u>		<u>\$ 7.51</u>	
Diluted	<u>\$ 7.01</u>		<u>\$ 6.99</u>	

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

(Concluded)

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	<u>Ordinary Shares (Notes 4 and 17)</u>		Capital Surplus (Notes 4, 17 and 22)	<u>Retained Earnings (Note 17)</u>			Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 17)	Treasury Shares (Notes 4 and 17)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Total			
BALANCE AT JANUARY 1, 2021	36,729	\$ 367,291	\$ 1,820	\$ -	\$ 53,093	\$ 53,093	\$ 1,021	\$ -	\$ 423,225
Appropriation of the 2020 earnings									
Legal reserve	-	-	-	5,309	(5,309)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(18,365)	(18,365)	-	-	(18,365)
Net profit for the year ended December 31, 2021	-	-	-	-	275,950	275,950	-	-	275,950
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	148	-	148
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	275,950	275,950	148	-	276,098
Employee share options issued by the Company (Note 22)	-	-	2,324	-	-	-	-	-	2,324
BALANCE AT DECEMBER 31, 2021	36,729	367,291	4,144	5,309	305,369	310,678	1,169	-	683,282
Appropriation of the 2021 earnings									
Legal reserve	-	-	-	27,595	(27,595)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(110,188)	(110,188)	-	-	(110,188)
Net profit for the year ended December 31, 2022	-	-	-	-	296,019	296,019	-	-	296,019
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	(416)	-	(416)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	296,019	296,019	(416)	-	295,603
Employee share options issued by the Company (Note 22)	-	-	821	-	-	-	-	-	821
Employee compensation cost for issuance of ordinary shares options (Note 22)	-	-	260	-	-	-	-	-	260
Issuance of ordinary shares for cash	3,655	36,550	486,459	-	-	-	-	-	523,009
Issuance of ordinary shares under employee share options	832	8,320	3,270	-	-	-	-	-	11,590
Buy-back of ordinary shares	-	-	-	-	-	-	-	(134,835)	(134,835)
BALANCE AT DECEMBER 31, 2022	41,216	\$ 412,161	\$ 494,954	\$ 32,904	\$ 463,605	\$ 496,509	\$ 753	\$ (134,835)	\$1,269,542

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 373,614	\$ 346,813
Adjustments for		
Depreciation expense	26,541	19,019
Amortization expense	10,171	4,517
Financial costs	309	375
Interest income	(1,372)	(99)
Compensation cost of employee share options	1,081	2,324
Gain on disposal of property, plan and equipment	(465)	-
Write-down of inventories	18,422	1,503
Unrealized loss (gain) on foreign currency exchange	1,494	(1,037)
(Reversal) recognition of provisions	(470)	1,297
Changes in operating assets and liabilities		
Notes receivable	4,933	(347)
Trade receivables	(8,099)	(35,281)
Inventories	(35,179)	(100,399)
Prepayments	5,072	(5,812)
Other current assets	-	1,010
Contract liabilities	(471)	320
Notes payable	-	(207)
Accounts payable	(23,096)	21,354
Other payables	29,693	57,410
Other current liabilities	240	97
Net cash generated from operations	402,418	312,857
Interest received	1,347	94
Interest paid	(370)	(314)
Income tax paid	(104,895)	(3,627)
Net cash generated from operating activities	<u>298,500</u>	<u>309,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	9,500
Acquisition of property, plant and equipment	(41,400)	(17,376)
Proceeds from disposal of property, plant and equipment	465	-
Increase in refundable deposits	-	(24,096)
Decrease in refundable deposits	50	-
Acquisition of intangible assets	(8,819)	(3,899)
Increase in prepayments for equipment	(167)	-
Net cash used in investing activities	<u>(49,871)</u>	<u>(35,871)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	18,967	123,407
Decrease in short-term loans	(88,048)	(55,106)

(Continued)

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Repayment of the principal portion of lease liabilities	\$ (3,821)	\$ (3,872)
Cash dividend paid	(110,188)	(18,365)
Proceeds from issuing shares	523,009	-
Exercise of employee share options	11,590	-
Payments for buy-back of ordinary shares	<u>(134,835)</u>	<u>-</u>
Net cash generated from financing activities	<u>216,674</u>	<u>46,064</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	<u>(451)</u>	<u>172</u>
NET INCREASE IN CASH	464,852	319,375
CASH AT THE BEGINNING OF THE YEAR	<u>571,378</u>	<u>252,003</u>
CASH AT THE END OF THE YEAR	<u>\$1,036,230</u>	<u>\$ 571,378</u>
The accompanying notes are an integral part of the consolidated financial statements.		(Concluded)

M3 Technology Inc.
Earnings Distribution Table
2022

	Unit: NTD
Net profit for 2022	296,018,698
Deductions:	
-Provision of legal reserve	(29,601,870)
Distributable earnings for 2022	266,416,828
Additions:	
+Undistributed retained earnings	167,585,952
Distributable retained earnings as of the end of 2022	434,002,780
Scope of allocation (Note):	
-Cash dividends for common shares in the fourth quarter of 2022 (NT\$3.05 per share)	(121,817,406)
Undistributed retained earnings at the end of the period	312,185,374

Note: Cash dividend is determined by a resolution of the Company's board of directors and is a matter to be reported to the shareholders' meeting.

Chairman of the Board: Chang-Yong Chen

CEO: David Da Meng

CFO: Shu-Hui Huang

M3 Technology Inc.
Comparison Table of Amendment to the Articles of Incorporation

Article	After Amendment	Before Amendment	Amendment reasons
Article 25	<p>When the Company has a profit at the end of a fiscal year, it shall appropriate <u>not less than 6%</u> of the profit as remuneration of employees and no more than 2% of the profit as the remuneration of directors. However, when the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.</p> <p>The remuneration of employees may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of controlling or affiliates satisfying certain criteria, and the board of directors is authorized to specify said certain criteria.</p>	<p>When the Company has a profit at the end of a fiscal year, it shall appropriate 16% to 22% of the profit as remuneration of employees and no more than 2% of the profit as the remuneration of directors. However, when the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.</p> <p>The remuneration of employees may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of controlling or affiliates satisfying certain criteria, and the board of directors is authorized to specify said certain criteria.</p>	Amendment to the allocation ratio of remuneration of employees.
Article 27	<p>These Articles of Incorporation are enacted on August 27, 2010.</p> <p>The first amendment was made on February 8, 2011.</p> <p>The second amendment was made on August 12, 2011.</p> <p>The third amendment was made on June 15, 2012.</p> <p>The fourth amendment was made on September 12, 2012.</p> <p>The fifth amendment was made on March 21, 2014.</p> <p>The sixth amendment was made on July 25, 2014.</p> <p>The seventh amendment was made on May 25, 2016.</p> <p>The eighth amendment was made on June 27, 2018.</p> <p>The ninth amendment was made on December 18, 2019.</p> <p>The tenth amendment was made on June 24, 2020.</p> <p>The eleventh amendment was made on November 6, 2020.</p> <p>The twelfth amendment was made on May 17, 2021.</p> <p>The thirteenth amendment was made on May 26, 2022.</p> <p><u>The fourteenth amendment was made on May 24, 2023.</u></p>	<p>These Articles of Incorporation are enacted on August 27, 2010.</p> <p>The first amendment was made on February 8, 2011.</p> <p>The second amendment was made on August 12, 2011.</p> <p>The third amendment was made on June 15, 2012.</p> <p>The fourth amendment was made on September 12, 2012.</p> <p>The fifth amendment was made on March 21, 2014.</p> <p>The sixth amendment was made on July 25, 2014.</p> <p>The seventh amendment was made on May 25, 2016.</p> <p>The eighth amendment was made on June 27, 2018.</p> <p>The ninth amendment was made on December 18, 2019.</p> <p>The tenth amendment was made on June 24, 2020.</p> <p>The eleventh amendment was made on November 6, 2020.</p> <p>The twelfth amendment was made on May 17, 2021.</p> <p>The thirteenth amendment was made on May 26, 2022.</p>	The current amendment date has been added.

M3 Technology Inc.

Comparison Table of Amendment to the “Procedures for Election of Directors”

Article	After Amendment	Before Amendment	Amendment reasons
Article 9	Before the election begins, the chair shall appoint a number of <u>counting personnel</u> and persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.	Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.	Since the teller do not have shareholder status, the procedures were amended.
Article 11	The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair <u>or other designated personnel</u> on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	Since the numbers of votes was announced by master of ceremonies, the procedures were amended.
Article 13	(The above is omitted) <u>The 1st amendment was made on May 24, 2023.</u>		Adding the amendment date.

M3 Technology Inc.
Comparison Table of Amendment to the
“Rules of Procedure for Shareholders Meetings”

Article	After Amendment	Before Amendment	Amendment reasons
Article 2	<p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p><u>Unless there are other provisions stipulated in the “Regulations Governing the Administration of Shareholder Services of Public Companies”, this Corporation holds the virtual shareholder meetings should be specified in the Articles of Incorporation and approved by the Board of Directors. Moreover, the virtual shareholders meetings should be held with a resolution passed by the attendance of more than two-thirds of the directors and the consent of more than half of the attending directors.</u></p> <p>(The below is omitted)</p>	<p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.</p> <p>(The below is omitted)</p>	Amendment according to the announcement (reference number 1120004167) of TWSE on March 17, 2023.
Article 5-1	<p>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice: (Subparagraph 1 and 2 is omitted)</p> <p>3.To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. <u>Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the “Regulations Governing the Administration of Shareholder Services of Public Companies”, this Corporation should at least provide shareholders with the connection equipment and necessary assistance. Furthermore, this corporation should specify the application period for shareholders and other relevant matters to be noted.</u></p>	<p>To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice: (Subparagraph 1 and 2 is omitted)</p> <p>3.To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>	Same reason as amendment of article 2.

Article	After Amendment	Before Amendment	Amendment reasons
Article 21	When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. <u>Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the “Regulations Governing the Administration of Shareholder Services of Public Companies”, this Corporation should at least provide shareholders with the connection equipment and necessary assistance. Furthermore, this corporation should specify the application period for shareholders and other relevant matters to be noted.</u>	When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.	Same reason as amendment of article 2.
Article 22	<u>The 5th amendment was made on May 24, 2023.</u>		Adding the amendment date.

M3 Technology Inc.

List of Candidates for Directors and Independent Directors

Title	Name	Select Education	Select Experiences	Current Positions	Current Shareholding
Director	Chang-Yong Chen	Master of Electronic Engineering, University of California, Berkeley, USA	CEO of Mycomp Co., Ltd.	Chairman of M3 Technology Inc. Chairman of Xi'An M3 Semiconductor Corporation. Director of Blink Electronic Co., Ltd Chairman of Xie Tai Investment Co., Ltd. Chairman of Intelligent Capital Corp.	8,406,666
Director	David Da Meng	Master of Electronic Engineering, University of New Mexico, USA	Vice President of Design of Monolithic Power Systems Inc.	CEO of M3 Technology Inc. Director of M3 Technology (Dallas), Inc. Vice Chairman of Xi'An M3 Semiconductor Corporation.	50,000
Director	ITE Tech. Inc.	-	-	Director of ITE Tech. (Shenzhen) Inc. Director of Emright Technology Co., Ltd. Director of Darjun Venture Corporation Director of Darhe II Venture Corporation Director of Darchan Venture Corporation Director of Embestor Technology Inc.	1,884,000
Director	Wei-Tse Hung	Bachelor of Economics, Tsing Hua University	Director of Gear Radio Electronics Corp.	Manager of H.K Investment Co., Ltd. Consultant of Silex Co., Ltd. Director of Taiwan Chi Yuan Culture Foundation	975

Independent Director	Zhi-Feng Jiang	Bachelor of Department of Accounting, Tamkang University	Assistant Manager of Audit Department, Deloitte Taiwan	CPA of Zhi-Jing CPA Firm Independent Director of Taiwan Chelic Co., Ltd. Independent Director of Huang Chieh Metal Holding (Cayman) Ltd. Independent Director of Alltop Technology Co., Ltd.	-
Independent Director	Zu-Ming Bi	Master of Department of Finance, National Sun Yat-sen University	Vice President of Yuan-Chuang Investment Consulting Co., Ltd.	Assistant Manager of Delta Venture Capital Co., Ltd. Independent Director of Trusval Technology Co., Ltd. Corporate Director Representative of iSentek Inc. Corporate Director Representative of Kunshan Victory Venture Capital Supervisor of imedtac Co., Ltd.	-
Independent Director	Hsieh-Ju Peng	Master of Business Administration, National Chiao Tung University	Executive Vice President of Enflex Corporation	Independent Director of Ezconn Corporation Independent Director of Wafer Works (Shanghai) Co., Ltd. Director of Icometure Company Limited	-

M3 Technology Inc.
Details of Release the Restriction on Directors from
Participation in Competitive Business

Name	Title and Company name of Competitive Business	
Chang-Yong Chen	Xie Tai Investment Co., Ltd.	Chairman
	Intelligent Capital Corp.	Chairman
ITE Tech. Inc.	ITE Tech. (Shenzhen) Inc.	Director
	Emright Technology Co., Ltd.	Director
	Darjun Venture Corporation	Director
	Darhe II Venture Corporation	Director
	Darchan Venture Corporation	Director
	Embestor Technology Inc.	Director
Wei-Tse Hung	H.K Investment Co., Ltd.	Manager
	Silex Co., Ltd.	Consultant
Zhi-Feng Jiang	Zhi-Jing CPA Firm	CPA
	Taiwan Chelic Co., Ltd.	Independent Director
	Huang Chieh Metal Holding (Cayman) Ltd.	Independent Director
	Alltop Technology Co., Ltd.	Independent Director
Zu-Ming Bi	Delta Venture Capital Co., Ltd.	Assistant Manager
	Trusval Technology Co., Ltd.	Independent Director
	iSentek Inc.	Corporate Director Representative
	Kunshan Victory Venture Capital	Corporate Director Representative
	imedtac Co., Ltd.	Supervisor
Hsieh-Ju Peng	Ezconn Corporation	Independent Director
	Wafer Works (Shanghai) Co., Ltd.	Independent Director
	Icometure Company Limited	Director

M3 Technology Inc.

Articles of Incorporation

Chapter 1 General Provisions

- Article 1 The Company is incorporated as a company limited by shares under the Company Act of the Republic of China and named 來頡科技股份有限公司 in Chinese.
- The English name of the Company is M3 Technology Inc.
- Article 2 The Company's scope of business is as follows:
1. CC01080 Electronics Components Manufacturing
 2. F119010 Wholesale of Electronic Materials
 3. F219010 Retail Sale of Electronic Materials
 4. F401010 International Trade
 5. F601010 Intellectual Property Rights
 6. I301010 Information Software Services
 7. I501010 Product Designing
 8. JA02010 Electric Appliance and Electronic Products Repair
 9. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may provide guarantees to external parties as needed for its business activities.
- Article 4 The total amount of the Company's reinvestment is not subject to the restriction of Article 13 of the Company Act.
- Article 5 The Company is headquartered in Taipei City and when necessary may establish domestic or foreign branches upon approval of the Board of Directors.
- Article 6 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article 7 The Company has an authorized capital of NT600 million in 60 million shares with a par value of NTD 10 per share, which may be issued in installments. For the unissued shares, the Board of Directors is authorized to issue ordinary shares in installments.
- The Company may reserve and issue employee stock options in the amount of NT60 million in 6 million shares with a par value of NTD 10 per share. The Board of Directors is authorized to issue these options in installments.

The subjects for the transfer of shares acquired by the Company in accordance with the Company Act or the laws and regulations of the competent authority of securities, subjects for employee stock options, subjects for issuance of new shares with restricted stock award, and subjects for whom new shares are reserved for subscription by employees for cash capital increase, may include the employees of subsidiaries who meet certain criteria. The certain criteria are to be determined by the Board of Directors.

- Article 7-1 If the Company issues employee stock options at prices not subject to the restrictions specified in Article 53 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, or if the treasury stock is transferred to employees at a price lower than the average repurchase price, it can be executed only when more than two-thirds of the shareholders vote for approval in the shareholders' meeting with a majority of the shareholders present at the meeting.
- Article 8 The Company's share certificates are registered, which are issued after being authenticated by the Directors representing the Company with the signature or seal of the Director affixed in accordance with the laws.
- The shares issued by the Company may be exempted from printing share certificates and shall be registered with a centralized securities depository enterprise.
- Article 9 No change may be made in the shareholder register within 60 days prior to a regular shareholders' meeting, within 30 days prior to an extraordinary shareholders' meeting, or within 5 days prior to the target date for the distribution of dividends and bonuses or other benefits by the Company.
- Article 10 The stock affairs of the Company shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless otherwise provided by laws and regulations or by the securities competent authority.

Chapter 3 Shareholders' Meeting

- Article 11 The shareholders' meeting is divided into regular shareholders' meetings and extraordinary shareholders' meetings. The regular shareholders' meeting shall be convened at least once a year and shall be convened by the Board of Directors in accordance with the laws within six months after the close of each fiscal year. The extraordinary shareholders' meetings shall be convened according to the laws as necessary.
- The shareholders' meeting may be held via virtual shareholders'

meetings or in any other manner as announced by the competent authority, the conditions, procedures, and other matters for conducting a shareholders' meeting shall comply with any additional regulations stipulated by the securities competent authority, if applicable.

Article 12 If a shareholder for any reasons cannot attend the shareholders' meeting in person, the shareholder may appoint a proxy to attend the meeting by executing a power of attorney, stating the scope of power authorized to the proxy.

The regulations governing the appointment of proxies for attendance and the use of proxy form shall comply with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 13 The Company's shareholders are entitled to one vote per share, except where the shares are restricted or without voting rights under the situations as set out in The Company Act.

When the Company convenes the shareholders' meeting, it shall exercise voting rights by electronic transmission and may elect to exercise voting rights by correspondence. A shareholder who exercises his/her right to vote by way of electronic transmission shall be deemed to attend the meeting in person. Related matters shall be processed in accordance with the laws.

Article 13-1 The Chairman of the Board shall preside over the meeting. If the Chairman of the Board is unable to attend the meeting for any reasons, he or she may nominate a director to act as the acting chairperson. If no such appointment is made, the Directors shall nominate one among themselves to preside over the meeting. For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. When there are two or more parties with the convening right, one of them shall be elected from among themselves to preside over the meeting.

Article 14 Unless otherwise specified in the Company Law, resolutions of the shareholders' meeting shall be adopted by the majority of shareholders present in the meeting who represent half or more of the total number of the Company's outstanding shares. Shareholders' meetings shall be conducted in accordance with the Rules of Procedure for Shareholders Meeting.

Article 14-1 The Company's application for public offering and cancellation of public offering shall be handled in accordance with the relevant provisions of the Company Act.

Article 15 In the process of electing directors at a shareholders' meeting, the

number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

- Article 15-1 All resolutions reached at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman and shall be distributed to all shareholders within twenty days after the meeting. The distribution of the meeting minutes may be effected by public announcement.

Chapter 4 Directors and Audit Committee

- Article 16 The Company shall appoint 5 to 7 directors with the term of office of three years and the shareholders' meeting shall elect the persons with disposing capacity, and shall be eligible for re-elections. If a director does not have a new director elected for his/her term of office, the term of office of the director is extended until the new director is elected and takes office.

In the number of directors referred to above, the number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of directors. The candidate nomination system is used which the election of independent directors will be held during the shareholders' meeting from the candidate list. The professional qualifications, shareholdings, non-competition restrictions, nomination and election methods, and other compliance matters are handled in accordance with the relevant regulations of the securities competent authority.

The candidate nomination system shall be adopted for the election of directors. The election of directors and independent directors shall be held at the same time and the elected seats shall be counted separately. Related matters shall be handled in accordance with the laws and regulations.

Where the seats of directors are vacated by one-third, a shareholders' meeting shall be duly held to elect ones supplementary to serve the tenure of office remaining by the predecessors.

- Article 17 The Board of Directors is formed by the Directors. A Chairman of the Board shall be elected from among the Directors with the attendance of more than two-thirds of the Directors and the consents of a majority of the attending Directors. The Chairman of the Board represents the Company.

- Article 18 (deleted)

- Article 19-1 The Company may appoint functional committees under the Board of Directors. The appointment and powers of relevant committees shall be carried out in accordance with the regulations established by the competent authority.
- Article 19-2 The Company has appointed an Audit Committee in accordance with the Securities and Exchange Act. The Audit Committee shall be composed of all of the independent directors, with a minimum of three members. The size, term of office, powers, and procedure of the Auditing Committee are in accordance with the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”, and these matters shall be stipulated in the Audit Committee Procedures.
- Article 19-3 (deleted)
- Article 20 Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be made with the attendance of a majority of the directors and the consent of a majority of the directors present. If a director is unable to attend the board meeting for any cause, he/she may appoint another director to attend the board meeting by issuing a power of attorney, citing the scope of the authorization, and each appointment is limited to one director. The Company’s Board of Directors meeting may be convened by correspondence, E-mail or fax.
- Article 21 The Board of Directors meeting is convened by the director who receives the votes with the most voting rights during the first meeting of each term. The remaining meetings are to be convened and presided over by the Chairman. In the event that the Chairman of the Board is unable to exercise his or her power for any cause, the matter shall be handled in accordance with Article 208 of the Company Act.
- Article 21-1 All resolutions reached at a board meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman and shall be distributed to each of the director within twenty days after the meeting. The distribution of the meeting minutes may be effected by electronic means.
- Article 21-2 The Company may purchase liability insurances for the directors’ liabilities within the business execution scope for compensation pursuant to law.
- Article 22 The Company may compensate all the directors whether the Company operate at a profit or loss. The board of directors is authorized to determine the level of compensation based on individual directors’ participation and contribution to the Company’s operations, and with reference to industry standard.

Chapter 5 Managerial Officers

- Article 23 The Company may have a manager appointed, and the appointment, discharge and the remuneration of the manager shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

- Article 24 The fiscal year of the Company is from January 1 to December 31. At the end of each fiscal year, the Board of Directors prepares the (I) Business report, (II) Financial statements, and (III) Proposal for the distribution of surplus profits or make-up for the losses and submit to the Shareholders' Meeting for ratification.
- Article 25 When the Company has a profit after the final account of a fiscal year, it shall appropriate 16% to 22% of the profit as remuneration of employees and no more than 2% of the profit as the remuneration of directors. However, when the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.
- The remuneration of employees may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of controlling or affiliates satisfying certain criteria, and the board of directors is authorized to specify said certain criteria.
- Article 25-1 The Company may allocate earnings or offset losses at the end of each quarter. If there is net profit in the final accounts of each quarter, the profit shall be applied for taxation and offset of the accumulated losses first, and then appropriate 10% as the legal reserve. When the legal reserve reaches the amount of the Company's paid-in capital, this restriction does not apply.
- Proposals for distribution of earnings or loss covering in the first three quarters shall be submitted to the Audit Committee for review together with the business report and financial statements before the end of the next quarter and submitted to the board of directors for resolution.
- If there is net profit in the final accounts of the year for the Company, the profit shall be applied for taxation and offset of the accumulated losses first, and then appropriate 10% as the legal reserve. When the legal reserve reaches the amount of the Company's paid-in capital, this restriction does not apply. Then, the special reserve shall be appropriated or reversed according to the relevant laws and regulations. If there is still surplus, the balance shall be summed up with the accumulated undistributed earnings of each quarter as shareholder bonus, and the distribution proposal shall be proposed by the Board of Directors.

The Company's dividend policy shall be in line with the Company's current and future development plans, and shall take domestic industry competition, the investment environment, and capital needs into consideration, and shall not violate the Company Act, this Article, or any power or restriction attached to the shares. The amount of dividends distributed may not be less than 15% of the distributable earnings of the year, and may be distributed in the form of stock dividends or cash dividends, of which, cash dividends distribution may not be less than 10% of the total dividends.

The distribution of dividends or legal reserve and capital reserve in whole or in part by cash must be resolved at a board meeting with more than two-thirds of the directors present and with the consent of a majority of the directors present and reported to the shareholders' meeting. If the share issuance is in the form of new shares, the motion shall be submitted to the shareholders' meeting for resolution and distribution.

Chapter 7 Supplementary Provisions

Article 26 The matters that are not properly addressed in this Article of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 26-1 The organizational regulations and operational rules of the Company shall be stipulated by the Board of Directors.

Article 27 These Articles of Incorporation are enacted on August 27, 2010.
The first amendment was made on February 8, 2011.
The second amendment was made on August 12, 2011.
The third amendment was made on June 15, 2012.
The fourth amendment was made on September 12, 2012.
The fifth amendment was made on March 21, 2014.
The sixth amendment was made on July 25, 2014.
The seventh amendment was made on May 25, 2016.
The eighth amendment was made on June 27, 2018.
The ninth amendment was made on December 18, 2019.
The tenth amendment was made on June 24, 2020.
The eleventh amendment was made on November 6, 2020.
The twelfth amendment was made on May 17, 2021.
The thirteenth amendment was made on May 26, 2022.

It shall take effect immediately after the report is submitted to the competent authority for approval and registration. The same applies for any changes.

M3 Technology Inc.
Chairman of the Board: Chang-Yong Chen

M3 Technology Inc.

Rules of Procedure for Shareholders Meetings

Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules. This Rules is revised under the responsibility of the financial department.

Article 2 (Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, this Corporation has

the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act,

Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

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

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

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

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

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the

provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

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

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

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4 (Principles determining the time and place of a shareholders meeting)

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

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

Article 5 (Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

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

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

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

When the government or a juristic person is a shareholder, it

may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 5-1 (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

- 1.How shareholders attend the virtual meeting and exercise their rights.
- 2.Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - A.To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - B.Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - C.In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal

requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 6 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and at least one

member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

Article 7 (Documentation of a shareholders meeting by audio or video)

This Corporation shall record the entire process of the shareholders meeting by audio or video.

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

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

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

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

Article 8 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 5.

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

Article 9 (Discussion of proposals)

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

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

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

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

Article 10 (Shareholder speech)

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

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

the subject given on the speaker's slip, the spoken content shall prevail.

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

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

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

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

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

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

Article 11 (Calculation of voting shares and recusal system)

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

With respect to resolutions of shareholders meetings, the

number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

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

Article 12 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission

of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, there is a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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.

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 this Corporation.

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

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 5 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

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

original proposals or exercise voting rights on amendments to the original proposal.

Article 13 (Election of directors)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors and not elected and number of votes they received.

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

Article 14 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.

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

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

Where a virtual shareholders meeting is convened, in addition

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

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 15 (Public disclosure)

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

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

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation or Taipei Exchange Market regulations, this Corporation shall

upload the content of such resolution to the MOPS within the prescribed time period.

Article 16 (Maintaining order at the meeting place)

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

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."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17 (Recess and resumption of a shareholders meeting)

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

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

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

Article 18 (Disclosure of information at virtual meetings)

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

Article 19 (Location of the chair and secretary of virtual-only shareholders meeting)

When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 20 (Handling of disconnection)

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

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

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

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

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

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

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

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

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

Article 21 (Handling of digital divide)

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 22 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. These Rules were formulated on December 18, 2019, through the resolution of the shareholders meeting. The 1st amendment was made on June 24, 2020. The 2nd amendment was made on November 6, 2020. The 3rd amendment was made on May 17, 2021. The 4th amendment was made on May 26, 2022.

M3 Technology Inc.

Procedures for Election of Directors

Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2 The financial department is responsible for the formulation and amendment of these procedures.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.

5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties

of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:

- 1.The ballot was not prepared by a person with the right to convene.
- 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 does not conform to the director candidate list.
- 5.Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article 12 The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 13 These Procedures, and any amendments hereto, shall be implemented after approval by the board of directors and a shareholders meeting.

These Procedures were formulated on November 6, 2020, through the resolution of the shareholders meeting.

Shareholding of Directors

- I. The Company's paid-in capital is NT\$413,291,330 and 41,329,133 shares have been issued (including 113,000 shares which have been issued through employee stock options but have not yet been registered to the competent authority).
- II. Pursuant to Article 26 of the Securities and Exchange Act and the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission, the minimum shareholdings of all directors of the Company shall be 3,600,000 shares.
- III. The shareholdings of individual directors and the directors as a whole as of the transfer suspension date (March 26, 2023) is as follows:

Job title	Name	Number of shares held	Ratio of shareholding
Chairman	Chang-Yong Chen	8,406,666	20.34%
Director	David Da Meng	50,000	0.12%
Director	ITE Tech. Inc. Representative: Hung-Yao Lin	1,884,000	4.56%
Director	Top Taiwan IX Venture Capital Co., Ltd. Representative: Pei-Yu Zheng	2,195,096	5.31%
Independent Director	Jiang-Long Kuo	-	-
Independent Director	Zhi-Feng Jiang	-	-
Independent Director	Zu-Ming Bi	-	-
Total shareholdings of all Directors		12,535,762	30.33%