

Stock Code: 3450



# ELITE ADVANCED LASER CORPORATION

## 2024 Annual Shareholders' Meeting

### Meeting Agenda

(Translation)

**Date: June 7, 2024**

**Address: 3F, No. 88, Minquan Rd., Banqiao District, New Taipei**

**City (Hilton Taipei Sinban)**

**Shareholders meeting will be held by means of physical  
meeting**

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# **1. Meeting Procedure**

## **Elite Advanced Laser Corporation**

### **2024 Annual Shareholders' Meeting Procedure**

1. Call Meeting to Order
2. Chairperson's Remarks
3. Report Items
4. Proposal Items
5. Provisional Motions
6. Adjournment

## **2. Meeting Agenda**

**Elite Advanced Laser Corporation**  
**2024 Annual Shareholders' Meeting**  
**Meeting Agenda**  
(Translation)

Type of Meeting : Physical Meeting

Time: 9:00 a.m., June 7, 2024 (Friday)

Place: 3F, No. 88, Minquan Rd., Banqiao District, New Taipei City  
(Hilton Taipei Sinban)

1. Chairperson Calls the Meeting to Order (and reports equity shares in attendance)
2. Chairperson's Remarks
3. Report Items
  - (1) Report on 2023 Employees' and Directors' Compensation.
  - (2) 2023 Business Report
  - (3) Audit Committee's Review Report
  - (4) Revision of the Report on the "Rules of Procedure of the Board of Directors" of the Company.
4. Proposal Items
  - (1) Adoption of 2023 Business Report and Financial Statements.
  - (2) Adoption of 2023 Earnings Distribution.
5. Extempore Motions
6. Adjournment

### 3. Report Items

#### Proposal 1

##### **Report on 2023 Employees' and Directors' Compensation.**

Explanation:

1. The Article 33 of the Articles of Association stipulates that the remuneration of employees shall be 8% to 15% of the profit (the pre-tax profit excluding the employees' and directors' remuneration); the remuneration of directors shall not exceed 3% of the profit (the pre-tax profit excluding the employees' and directors' remuneration).
2. Due to market fluctuations and industrial development, the Company did not make a profit in 2023, so no employee remuneration and director remuneration will be provided. This case has been approved by the resolution of the Board of Directors on March 14, 2024 and reported to the shareholders' meeting in accordance with the law.

#### Proposal 2

##### **2023 Business Report**

Explanation: Please refer to Attachment 1.

#### Proposal 3

##### **The Audit Committee's Review Report**

Explanation: Please refer to Attachment 2.

#### Proposal 4

##### **Revision of the Report on the "Rules of Procedure of the Board of Directors" of the Company**

Explanation: It is proposed to revise the "Rules of Procedure of the Board of Directors" of the Company. For the comparison table of the revised provisions, please refer to Attachment 3.

## 4. Proposal Items

Proposed by the Board of Directors

### Proposal 1

#### **Adoption of 2023 Business Report and Financial Statements**

Explanation:

1. 2023 consolidated and standalone financial statements have been audited by Certified Public Accountant Keng-Hsi, Chang and Chien-Hsin, Hsieh of Deloitte Touche Tohmatsu International Taiwan and were discussed and resolved in the Board of Directors meeting convened on March 14, 2024.
2. Please refer to Attachment 1, 2 ,4and 5.

Resolutions:

Proposed by the Board of Directors

### Proposal 2

#### **Adoption of 2023 Earnings Distribution**

Explanation:

1. TheCompany's 2023 net loss after tax for this period, plus the amount of items other than the net loss for this period included in the year's undistributed earnings, is net income of NT\$(76,719,957); after a special reserve was provided, plus the undistributed earnings at the beginning of the period, with the year's losses offset, the cumulative distributable earnings amounted to NT\$1,099,558,585. However, considering the Company's future capital needs and medium- and long-term financial plan, the Company did not plan to distribute the earnings.
2. This case was approved by the resolution of the Board of Directors on March 14, 2024 and submitted to the Audit Committee for examination and approval.
3. The Earning Distribution Statement for the year 2023 is as follows:

Item	Amount
Undistributed Retained Earnings,beginning of the year	1,194,585,470
Remeasurement of Defined Benefit Obligation	(563,884)
Net loss of 2023	(76,156,073)
Adjusted unallocated earnings	(76,719,957)
Less: Legal reserve	0
Less: special reserve	(18,306,928)
Retained Earnings Available for Distribution as of December 31.2023	1,099,558,585
Stock dividends	0
Cash dividends	0
Undistributed Retained Earnings, end of the period	1,099,558,585

Resolutions:

**5. Extempore Motions**

**6. Adjournment**

## 7. Attachment

**Attachment 1**

### **Elite Advanced Laser Corporation**

#### **2023 Consolidated Business Report**

Dear Shareholders,

Amid the challenges of the rapidly changing global industrial environment and the epidemic situation, the management team of the Company, under the support and supervision of its shareholders throughout the years, has made continuous efforts to improve its operational structure by adhering to the 4A action policy of “Ahead, Able, Agile and Accountable”.

##### **1. Operating results in 2023:**

The consolidated sales of eLaser in 2023 was NT\$ 5,399,197 thousand, the total consolidated income attributable to eLaser was NT\$ (76,156) thousand, and the EPS was NT\$ (0.52). The net value per share of owner's equity is NT\$ 26.12, the consolidated debt ratio is 38.66%, and the consolidated current ratio is 212.62%. In response to the market demand for new application areas such as high speed, high power and image recognition in the laser diode industry and the increasing application of power management components in the green and energy-saving industry, the Company is committed to meeting the production needs of customers and cooperating with customers to develop new products and new processes to meet new market needs and challenges.

##### **2. Operating Plan in 2023:**

In the face of the global epidemic, economic and trade conflicts and various uncertainties, the Company will adjust its sales strategies in a timely manner to maintain business stability based on the recent changes in the market environment, the overview of customer operations, the progress of new product development and the assessment of the overall industry development trend. During the year, the Company continued to develop the research and development of new products and expand the production scale in order to maintain its leading position in the foundry of optical information and optical communication laser packaging and power management components.

Major production and marketing policies:

- (1) Continue to improve production efficiency and yield, reduce costs, and improve competitiveness.



- (2) Implement the concept of “Quality is Made”, strengthen the ability of employees and create a high-quality production culture.
- (3) Collaborate with customers to develop new products and provide cost and quality advantages to create a win-win opportunity.
- (4) Actively develop new applications and new customers with process technology.
- (5) Continue to strengthen after-sales service and maintain stable interaction and trust with customers.
- (6) Establish high standards for quality and technology, and enhance international branding and popularity.
- (7) Establish and strengthen collaboration with international manufacturers to create opportunities for mutual benefit.

Looking at the above, with the changes and evolution of the global industry, in the overall market economy, customer competition has been promoted to the operation of the global platform and the integration of resources of group enterprises. In the face of fierce external competition, the Company will strive to adjust its operation and sales policies in a timely manner to maintain its industrial advantages. In addition, the Company will actively respond to the rapid changes in the regulatory environment to meet the requirements of laws and regulations, so as to make the operation structure safer and stronger.

The Company will continue to strive to maximize the interests of all shareholders with its existing research and development and manufacturing capabilities and efficient operation and management.

To all of you

Good health and good luck

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

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of yearly earnings. The CPA firm of Deloitte & Touche was retained to audit eLaser's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and quarterly earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Elite Advanced Laser Corporation. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Elite Advanced Laser Corporation

Chairman of the Audit Committee: Chi-Yu, Yang

March 14, 2024

**Elite Advanced Laser Corporation****Comparison Table of Amendments to the “Rules of Procedure of the Board of Directors”**

After Amendment	Before Amendment	Amendment Description
Article 12. When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed <u>on the same day</u> , provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may re-convene the meeting following the procedures provided in Article 3, paragraph 2. The term "all board directors " as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office	Article 12. When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may re-convene the meeting following the procedures provided in Article 3, paragraph 2. The term "all board directors " as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.	Revised according to the Letter Financial-Supervisory-Securities-Corporate No.1120383996 issued on January 11, 2024
Article 13. A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chair may not	Article 13. A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chair may not	Same as above

After Amendment	Before Amendment	Amendment Description
<p>declare the meeting closed without the approval of a majority of directors present at the meeting</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceedings of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.</p> <p><u>During the proceedings of a board meeting, if the chair is unable to chair the meeting or fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 10, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.</u></p>	<p>declare the meeting closed without the approval of a majority of directors present at the meeting</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceedings of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.</p>	

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

Elite Advanced Laser Corporation

**Opinion**

We have audited the accompanying consolidated financial statements of Elite Advanced Laser Corporation and its subsidiaries (the “Group”), which comprise the consolidated balances sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (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 Matters**

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 matters of the Group's consolidated financial statements for the year ended December 31, 2022 is as follows:

### The veracity of the sales revenue of specific customers

The Group's operating income in 2022 was NT\$6,775,781 thousand, a decrease of 6% from 2021. Among them, customers with transaction of a material amount with on-going growth for 48% of the overall operating income, which has a significant impact on consolidated financial statements. Thus, we have considered sales authenticity related to the aforementioned specific customers as a key audit matter in the consolidated financial statements in 2022. Please refer to Note 4 (16) of the Consolidated Financial Statements for the description of the income recognition policy.

Our audit procedures for this include:

1. By understanding the relevant internal control systems and operating procedures of the sales transaction cycle, we design the internal control auditing procedures according to the veracity of the sales revenue and confirm and evaluate the relevant internal control procedure during the sales transactions for whether the design and implementation are effective.
2. We obtain the list of the above-mentioned customers in 2022, and evaluate whether their relevant background, transaction amount, credit line and company size are reasonable.
3. We select samples from the above-mentioned customer sales details, examine the sales slips, customs declarations, bills of lading, sales invoices, post-period collections, and post-period major sales returns to confirm the veracity of the sales revenue.

## **Other Matter**

We have also audited the parent company only financial statements of Elite Advanced Laser Corporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified audit 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 the IFRS, IAS, IFRIC, and 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 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 members of 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 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 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 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 Company 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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 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 reviews resulting in this independent auditors' review report are Keng-Hsi, Chang and Chien-Hsin, Hsieh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from 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' review report and consolidated financial statements shall prevail.*

**ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEET**

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 2,542,423	25	\$ 2,071,077	21
1136	Financial assets at amortized cost - Current (Notes 4, 5, 7, 8 and 36)	12,500	-	-	-
1140	Current contract assets (Notes 4, 5 and 24)	151,762	2	209,458	2
1150	Notes receivable (Notes 4, 5, 9 and 24)	-	-	20,245	-
1170	Accounts receivable (Notes 4, 5, 9 and 24)	986,290	10	1,328,772	13
1180	Accounts receivable due from related parties (Notes 4, 5, 24 and 35)	9,583	-	8,717	-
1200	Other receivables (Notes 4, 5 and 9)	164,211	2	177,486	2
1210	Accounts receivable due from related parties (Notes 4, 5 and 35)	43	-	110	-
1220	Current tax asset (Notes 4 and 26)	10,086	-	1,674	-
130X	Inventories (Notes 4 and 10)	527,241	5	472,483	5
1410	Prepayments (Note 18)	222,693	2	305,960	3
11XX	Total current assets	<u>4,626,832</u>	<u>46</u>	<u>4,595,982</u>	<u>46</u>
	<b>NON-CURRENT ASSETS</b>				
1540	Financial assets at amortized cost - Non-current (Notes 4, 5, 7, 8 and 36)	741	-	-	-
1550	Investments accounted for using equity method (Notes 4 and 12)	101,489	1	88,869	1
1600	Property, plant and equipment (Notes 4, 13, 29 and 36)	4,670,386	46	4,362,364	44
1755	Right-of-use assets (Notes 4 and 14)	154,230	1	172,661	2
1760	Investment property (Notes 4 and 15)	57,214	1	64,529	-
1805	Goodwill (Notes 4 and 16)	32,577	-	-	-
1821	Intangible assets (Notes 4 and 17)	6,176	-	6,523	-
1840	Deferred tax assets (Notes 4 and 26)	96,860	1	67,985	1
1990	Other non-current assets (Notes 4, 5, 9 and 18)	423,071	4	572,954	6
15XX	Total non-current assets	<u>5,542,744</u>	<u>54</u>	<u>5,335,885</u>	<u>54</u>
1XXX	TOTAL	<u>\$10,169,576</u>	<u>100</u>	<u>\$ 9,931,867</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Notes 4, 19 and 36)	\$ 71,170	1	\$ -	-
2130	Current contract liabilities (Notes 4, 24 and 35)	16,019	-	28,134	-
2170	Accounts payable	874,883	9	1,066,263	11
2180	Accounts payable to related parties (Notes 4 and 35)	1,907	-	-	-
2200	Other payables (Notes 20 and 32)	1,199,217	12	1,163,815	12
2220	Other payable to related parties (Notes 4 and 35)	15,014	-	-	-
2230	Current tax liabilities (Notes 4 and 26)	128,967	1	171,053	2
2250	Current provisions (Notes 4 and 21)	36,419	-	34,123	-
2280	Current lease liabilities (Notes 4 and 14)	42,745	-	35,670	-
2300	Other current liabilities (Note 20)	146,192	2	98,151	1
2320	Long-term borrowings due within 1 year (Notes 4, 19 and 36)	37,732	-	83,054	1
21XX	Total current liabilities	<u>2,570,265</u>	<u>25</u>	<u>2,680,263</u>	<u>27</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term borrowings (Notes 4, 19 and 36)	367,268	4	275,936	3
2570	Deferred tax liabilities (Notes 4 and 26)	348,313	4	325,885	3
2580	Lease liabilities (Notes 4 and 14)	73,709	1	96,164	1
2640	Net defined benefit liabilities (Notes 4 and 22)	31,562	-	37,712	-
2670	Others (Notes 20, 32 and 35)	540,041	5	455,279	5
25XX	Total non-current liabilities	<u>1,360,893</u>	<u>14</u>	<u>1,190,976</u>	<u>12</u>
2XXX	Total liabilities	<u>3,931,158</u>	<u>39</u>	<u>3,871,239</u>	<u>39</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Notes 4 and 23)				
	Capital stock				
3110	Common stock	1,456,814	14	1,456,814	15
3200	Capital Surplus	452,294	5	452,272	5
	Retained earnings				
3310	Legal reserve	773,432	7	736,221	7
3320	Special reserve	65,301	1	66,339	1
3350	Unappropriated earnings	1,289,555	13	1,390,838	14
3300	Total retained earnings	2,128,288	21	2,193,398	22
3400	Others	( 67,718 )	( 1 )	( 65,301 )	( 1 )
31XX	Total equity attributable to owners of the Company	3,969,678	39	4,037,183	41
36XX	NON-CONTROLLING INTERESTS (Notes 4, 23, 28 and 31)	2,268,740	22	2,023,445	20
3XXX	Total equity	<u>6,238,418</u>	<u>61</u>	<u>6,060,628</u>	<u>61</u>
	TOTAL	<u>\$10,169,576</u>	<u>100</u>	<u>\$ 9,931,867</u>	<u>100</u>

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

**ELITE ADVANCED LASER CORPORATION 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)

Code		2022		2021	
		Amount	%	Amount	%
	<b>OPERATING REVENUE</b>				
	(Notes 4, 24 and 35)				
4100	Sales Revenue	\$ 6,469,775	95	\$ 6,799,765	94
4800	Other Operating revenue	<u>306,006</u>	<u>5</u>	<u>397,775</u>	<u>6</u>
4000	Total revenue	<u>6,775,781</u>	<u>100</u>	<u>7,197,540</u>	<u>100</u>
	<b>OPERATING COSTS</b>				
	(Notes 10, 25, 29 and 35)				
5110	Cost of goods sold	( 5,449,641 )	( 80 )	( 5,456,380 )	( 76 )
5800	Other operating costs	( <u>34,151</u> )	( <u>1</u> )	( <u>48,494</u> )	( <u>1</u> )
5000	Total operating costs	( <u>5,483,792</u> )	( <u>81</u> )	( <u>5,504,874</u> )	( <u>77</u> )
5900	GROSS PROFIT	<u>1,291,989</u>	<u>19</u>	<u>1,692,666</u>	<u>23</u>
	<b>OPERATING EXPENSES</b>				
	(Notes 4, 9, 24, 25 and 28)				
6100	Selling and distribution expense	( 42,439 )	( 1 )	( 44,165 )	( 1 )
6200	General and administrative	( 440,494 )	( 7 )	( 376,568 )	( 5 )
6300	Research and development	( 142,626 )	( 2 )	( 149,862 )	( 2 )
6450	Expected credit impairment loss	( <u>26,458</u> )	<u>-</u>	( <u>8,674</u> )	<u>-</u>
6000	Total operating expenses	( <u>652,017</u> )	( <u>10</u> )	( <u>579,269</u> )	( <u>8</u> )
6500	OTHER GAINS AND LOSSES				
	(Notes 4, 13 and 25)	( <u>31,481</u> )	<u>-</u>	<u>-</u>	<u>-</u>
6900	INCOME FROM OPERATIONS	<u>608,491</u>	<u>9</u>	<u>1,113,397</u>	<u>15</u>
	<b>NON-OPERATING INCOME AND EXPENSES</b>				
	(Notes 4, 12, 25 and 35)				
7100	Interest income	16,972	1	6,146	-
7010	Other income	15,030	-	12,956	-
7020	Other gains and losses	255,587	4	( 54,188 )	-
7050	Finance costs	( 8,039 )	-	( 4,252 )	-
7060	Share of profit of associates accounted for using equity method	<u>14,635</u>	<u>-</u>	<u>10,964</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>294,185</u>	<u>5</u>	( <u>28,374</u> )	<u>-</u>
7900	INCOME BEFORE INCOME TAX	\$ 902,676	14	\$ 1,085,023	15
7950	INCOME TAX EXPENSES				
	(Notes 4 and 26)	( 254,355 )	( 4 )	( 294,382 )	( 4 )
8200	NET INCOME	<u>648,321</u>	<u>10</u>	<u>790,641</u>	<u>11</u>

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Code		2022		2021	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	6,615	-	2,400	-
8349	Income tax expense related to item that will not be reclassified subsequently	( 1,323 )	-	( 480 )	-
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	( 5,925 )	-	2,544	-
8399	Income tax profit (expense) related to items that will be reclassified subsequently	604	-	( 259 )	-
8300	Other comprehensive income(loss) for the period, net of income tax	( 29 )	-	4,205	-
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 648,292</u>	<u>10</u>	<u>\$ 794,846</u>	<u>11</u>
	NET INCOME ATTRIBUTABLE TO				
8610	Owners of the Company	\$ 191,824	3	\$ 371,053	5
8620	Non-controlling interests	<u>456,497</u>	<u>7</u>	<u>419,588</u>	<u>6</u>
8600		<u>\$ 648,321</u>	<u>10</u>	<u>\$ 790,641</u>	<u>11</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
8710	Owners of the Company	\$ 194,699	3	\$ 374,011	5
8720	Non-controlling interests	<u>453,593</u>	<u>7</u>	<u>420,835</u>	<u>6</u>
8700		<u>\$ 648,292</u>	<u>10</u>	<u>\$ 794,846</u>	<u>11</u>
	EARNINGS PER SHARE (Note 27)				
	From continuing operations				
9710	Basic earnings per share	<u>\$ 1.32</u>		<u>\$ 2.55</u>	
9810	Diluted earnings per share	<u>\$ 1.31</u>		<u>\$ 2.51</u>	

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

**ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company								
		Retained earnings					Other equity			
Code		Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
A1	BALANCE AT JANUARY 1, 2021	\$ 1,456,814	\$ 452,272	\$ 712,499	\$ 68,091	\$ 1,244,652	( \$ 66,339 )	\$ 3,867,989	\$ 1,944,026	\$ 5,812,015
	Distribution of 2020 earnings (Note 23)									
B1	Legal capital reserve	-	-	23,722	-	( 23,722 )	-	-	-	-
B3	Special capital reserve	-	-	-	( 1,752 )	1,752	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 203,954 )	-	( 203,954 )	-	( 203,954 )
		-	-	23,722	( 1,752 )	( 225,924 )	-	( 203,954 )	-	( 203,954 )
M5	Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions (Notes 23 and 31)	-	-	-	-	( 863 )	-	( 863 )	863	-
D1	Net income in 2021	-	-	-	-	371,053	-	371,053	419,588	790,641
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	1,920	1,038	2,958	1,247	4,205
D5	Total comprehensive income (loss) in 2021	-	-	-	-	372,973	1,038	374,011	420,835	794,846
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	( 284,571 )	( 284,571 )
O1	Decrease in non-controlling interests (Notes 23 and 31)	-	-	-	-	-	-	-	( 57,708 )	( 57,708 )
Z1	BALANCE AT DECEMBER 31, 2021	1,456,814	452,272	736,221	66,339	1,390,838	( 65,301 )	4,037,183	2,023,445	6,060,628
	Distribution of 2021 earnings (Note 23)									
B1	Legal capital reserve	-	-	37,211	-	( 37,211 )	-	-	-	-
B3	Special capital reserve	-	-	-	( 1,038 )	1,038	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 262,226 )	-	( 262,226 )	-	( 262,226 )
		-	-	37,211	( 1,038 )	( 298,399 )	-	( 262,226 )	-	( 262,226 )
M7	Changes in percentage of ownership interests in subsidiaries (Notes 23, 25 and 28)	-	22	-	-	-	-	22	-	22
D1	Net income in 2022	-	-	-	-	191,824	-	191,824	456,497	648,321
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	5,292	( 2,417 )	2,875	( 2,904 )	( 29 )
D5	Total comprehensive income (loss) in 2022	-	-	-	-	197,116	( 2,417 )	194,699	453,593	648,292
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	( 347,809 )	( 347,809 )
O1	Increase in non-controlling interests (Notes 23, 25 and 28)	-	-	-	-	-	-	-	139,511	139,511
Z1	BALANCE AT DECEMBER 31, 2022	\$ 1,456,814	\$ 452,294	\$ 773,432	\$ 65,301	\$ 1,289,555	( \$ 67,718 )	\$ 3,969,678	\$ 2,268,740	\$ 6,238,418

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

**ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 902,676	\$ 1,085,023
A20010	Adjustments for:		
A20100	Depreciation expense	801,627	654,815
A20200	Amortization expense	4,546	3,826
A20300	Expected credit impairment loss	26,458	8,674
A20900	Finance costs	8,039	4,252
A21200	Interest income	( 16,972 )	( 6,146 )
A21900	Stock option compensation cost of subsidiary	37	-
A22300	Share of profit of associates accounted for using the equity method	( 14,635 )	( 10,964 )
A22500	Gains (losses) on disposal of property, plant and equipment	( 2,846 )	4,597
A23500	Impairment loss on property, plant and equipment	31,481	-
A23700	Impairment loss on non-financial assets	32,241	33,682
A24100	Loss (gain) on foreign exchange, net	( 158,510 )	38,113
A29900	Liability provisions	2,962	5,916
A29900	Profit from lease modification	( 19 )	( 25 )
A29900	Reversal of deferred revenue	-	( 53,259 )
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	32,963	( 23,836 )
A31130	Notes receivables	13,309	( 9,417 )
A31150	Accounts receivable	303,786	( 157,216 )
A31160	Accounts receivable due from related parties	( 734 )	( 701 )
A31180	Other receivables	14,698	( 11,637 )
A31200	Inventories	113,713	( 174,480 )
A31230	Prepayments	100,192	( 118,925 )
A32125	Contract liabilities	( 19,844 )	( 4,298 )
A32150	Accounts payable	( 254,453 )	122,715
A32160	Accounts payable to related parties	1,918	-
A32180	Other payables	( 814 )	48,776
A32200	Liability provisions	( 666 )	( 9,588 )
A32230	Other current liabilities	( 1,157 )	( 3,864 )
A32240	Net defined benefit liabilities	<u>465</u>	<u>389</u>

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Code		2022	2021
A33000	Net cash generated by operating activities	1,920,461	1,426,422
A33100	Interest received	15,753	6,649
A33300	Interest paid	( \$ 8,061 )	( \$ 4,064 )
A33500	Income taxes paid	( <u>311,872</u> )	( <u>176,295</u> )
AAAA	Net cash generated from operating activities	<u>1,616,281</u>	<u>1,252,712</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B02200	Net cash inflow from acquisition of subsidiaries (Note 30)	42,163	-
B02700	Acquisition of property, plant and equipment	( 520,544 )	( 1,194,165 )
B02800	Disposal of property, plant and equipment	12,302	40,169
B03700	Increase in refundable deposits	( 355 )	( 933 )
B03800	Decrease in refundable deposits	612	1,830
B04400	Decrease in other receivables - from related parties	68	45
B04500	Acquisition of intangible assets	( 1,336 )	( 4,389 )
B05350	Acquisition of right-of-use assets	-	( 37 )
B07100	Increase in prepayments for equipment	( 402,692 )	( 505,322 )
B07600	Dividends received	<u>3,398</u>	<u>3,376</u>
BBBB	Net cash used in investing activities	( <u>866,384</u> )	( <u>1,659,426</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C01600	Long-term loan	405,000	300,000
C01700	Repay long-term loan	( 358,990 )	( 38,010 )
C03000	Guarantee deposits received	178,352	545,630
C03100	Guarantee deposits refunded	( 89 )	( 1,172 )
C04020	Repayment of the principal portion of lease liabilities	( 39,021 )	( 40,638 )
C04500	Dividends to owners of the Company	( 262,226 )	( 203,954 )
C05400	Acquisition of the subsidiaries equity	-	( 57,708 )
C05800	Cash dividends to non-controlling interests	( 347,749 )	( 284,526 )
C05800	Cash-refunding capital reduction of non-controlling interest shares	( <u>713</u> )	<u>-</u>
CCCC	Net cash generated by (used in) financing activities	( <u>425,436</u> )	<u>219,622</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>146,885</u>	( <u>39,427</u> )
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>471,346</u>	( <u>226,519</u> )
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,071,077</u>	<u>2,297,596</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,542,423</u>	<u>\$ 2,071,077</u>

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

Elite Advanced Laser Corporation:

### **Opinion**

We have audited the accompanying financial statements of Elite Advanced Laser Corporation (the “Company”), which comprise the balances sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements of 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 Matters**

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, 2023. 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 matters of the Company's financial statements for the year ended December 31, 2023 is as follows:

The veracity of the sales revenue of specific customers

The Company's operating income in 2023 was \$957,122 thousand, a decrease of 38% from 2022. Among them, customers with transaction of a material amount with on-going growth for 44% of the overall operating income, which has a significant impact on financial statements. Thus, we have considered sales authenticity related to the aforementioned specific customers as a key audit matter in the financial statements in 2023. Please refer to Note 4 (12) of the Financial Statements for the description of the income recognition policy.

The sales authenticity to specific customer of a subsidiary accounted for using the equity method

The operating revenue of subsidiary, GEM Services, Inc., for the year ended December 31, 2023 was \$4,418,989 thousand, a decrease by about 15% compared with the year ended December 31, 2022. The total revenue of specific customers with significant sales volume and continuous growth in sales accounted for about 30% of the operating revenue, resulting in significant influence on the financial statements. Thus, we included the authenticity of the sales to the above specific customers as key audit matter for the 2023 financial statements.

Our accounting procedures on the sales revenue of the above-mentioned specific customers and the sales revenue of specific customers of the subsidiary accounted for using the equity method include:

1. By understanding the relevant internal control systems and operating procedures of the sales transaction cycle, we design the internal control auditing procedures according to the veracity of the sales revenue and confirm and evaluate the relevant internal control procedure during the sales transactions for whether the design and implementation are effective.
2. We obtain the list of the above-mentioned customers in 2023, and evaluate whether their relevant background, transaction amount, credit line and company size are reasonable.
3. We select samples from the above-mentioned customer sales details, examine the sales slips, customs declarations, bills of lading, sales invoices, payment collections, and major sales returns after the balance sheet date to confirm the veracity of the sales revenue.

**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 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 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 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 the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit.

We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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, 2023 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 reviews resulting in this independent auditors' review report are Keng-Hsi, Chang and Chien-Hsin, Hsieh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2024

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.*

**ELITE ADVANCED LASER CORPORATION**
**BALANCE SHEETS**

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 157,979	3	\$ 219,815	4
1140	Current contract assets (Notes 4, 5, 19 and 26)	40,521	1	63,437	1
1150	Notes receivable (Notes 4, 5, 7 and 19)	-	-	-	-
1170	Accounts receivable (Notes 4, 5, 7 and 19)	208,888	5	154,606	3
1180	Accounts receivable due from related parties (Notes 4, 5, 19 and 26)	7,742	-	31,705	1
1200	Other receivables (Notes 4, 5 and 7)	127,410	3	15,142	-
1210	Other receivable due from related parties (Notes 4, 5 and 26)	444	-	-	-
130X	Inventories (Notes 4 and 8)	54,879	1	133,490	3
1410	Prepayments (Note 13)	205,397	4	185,389	4
11XX	Total current assets	<u>803,260</u>	<u>17</u>	<u>803,584</u>	<u>16</u>
	<b>NON-CURRENT ASSETS</b>				
1550	Investments accounted for using equity method (Notes 4 and 9)	2,300,202	48	2,517,612	49
1600	Property, plant and equipment (Notes 4, 10 and 27)	1,545,462	33	1,729,769	33
1755	Right-of-use assets (Notes 4 and 11)	36,425	1	44,001	1
1780	Intangible assets (Notes 4 and 12)	217	-	1,581	-
1840	Deferred tax assets (Notes 4 and 21)	65,993	1	58,023	1
1990	Other non-current assets (Notes 4, 5, 7 and 13)	5,940	-	5,962	-
15XX	Total non-current assets	<u>3,954,239</u>	<u>83</u>	<u>4,356,948</u>	<u>84</u>
1XXX	TOTAL	<u>\$ 4,757,499</u>	<u>100</u>	<u>\$ 5,160,532</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2130	Current contract liabilities (Notes 4 and 19)	\$ 7,940	-	\$ 4,322	-
2170	Accounts payable	88,958	2	156,886	3
2200	Other payables (Notes 15 and 23)	227,012	5	162,394	3
2220	Other payable due from related parties (Note 26)	630	-	-	-
2230	Current tax liabilities (Notes 4 and 21)	45,730	1	31,973	1
2250	Current provisions (Notes 4 and 16)	7,849	-	6,419	-
2280	Current lease liabilities (Notes 4 and 11)	7,074	-	7,734	-
2300	Other current liabilities (Note 15)	1,729	-	2,038	-
2320	Long-term borrowings due within 1 year (Notes 4, 14 and 27)	24,709	1	37,732	1
21XX	Total current liabilities	<u>411,631</u>	<u>9</u>	<u>409,498</u>	<u>8</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term borrowings (Notes 4, 14 and 27)	180,291	4	367,268	7
2570	Deferred tax liabilities (Notes 4 and 21)	297,944	6	345,733	7
2580	Lease liabilities (Notes 4 and 11)	30,016	-	36,773	1
2640	Net defined benefit liabilities (Notes 4 and 17)	32,845	1	31,562	-
2670	Other non-current liabilities (Notes 15 and 26)	20	-	20	-
25XX	Total non-current liabilities	<u>541,116</u>	<u>11</u>	<u>781,356</u>	<u>15</u>
2XXX	Total liabilities	<u>952,747</u>	<u>20</u>	<u>1,190,854</u>	<u>23</u>
	<b>EQUITY (Notes 4 and 18)</b>				
	Capital stock				
3110	Common stock	1,456,814	31	1,456,814	28
3200	Capital surplus	455,236	9	452,294	9
	Retained earnings				
3310	Legal reserve	793,144	17	773,432	15
3320	Special reserve	67,718	1	65,301	1
3350	Unappropriated earnings	1,117,865	24	1,289,555	25
3300	Total retained earnings	1,978,727	42	2,128,288	41
3400	Others	(86,025)	(2)	(67,718)	(1)
3XXX	Total equity	<u>3,804,752</u>	<u>80</u>	<u>3,969,678</u>	<u>77</u>
	TOTAL	<u>\$ 4,757,499</u>	<u>100</u>	<u>\$ 5,160,532</u>	<u>100</u>

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

**ELITE ADVANCED LASER CORPORATION**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Code		2023		2022	
		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 19 and 26)				
4100	Sales revenue	\$ 743,164	78	\$ 1,295,357	84
4800	Other operating revenue	<u>213,958</u>	<u>22</u>	<u>243,829</u>	<u>16</u>
4000	Total revenue	<u>957,122</u>	<u>100</u>	<u>1,539,186</u>	<u>100</u>
	OPERATING COSTS (Notes 8 and 20)				
5110	Cost of goods sold	( 1,005,079)	( 105)	( 1,470,806)	( 96)
5800	Other operating costs	( <u>16,081</u> )	( <u>1</u> )	( <u>31,788</u> )	( <u>2</u> )
5000	Total operating costs	( <u>1,021,160</u> )	( <u>106</u> )	( <u>1,502,594</u> )	( <u>98</u> )
5900	GROSS PROFIT (LOSS)	( <u>64,038</u> )	( <u>6</u> )	<u>36,592</u>	<u>2</u>
	OPERATING EXPENSES (Notes 7, 19, 20 and 26)				
6100	Selling and distribution expense	( 20,979)	( 2)	( 23,756)	( 1)
6200	General and administrative expense	( 98,579)	( 11)	( 121,844)	( 8)
6300	Research and development	( 87,195)	( 9)	( 88,351)	( 6)
6450	Expected credit impairment loss	( <u>943</u> )	-	( <u>28,952</u> )	( <u>2</u> )
6000	Total operating expenses	( <u>207,696</u> )	( <u>22</u> )	( <u>262,903</u> )	( <u>17</u> )
6500	OTHER GAINS AND LOSSES (Notes 4, 10 and 20)	( <u>7,609</u> )	( <u>1</u> )	( <u>31,481</u> )	( <u>2</u> )
6900	LOSS FROM OPERATIONS	( <u>279,343</u> )	( <u>29</u> )	( <u>257,792</u> )	( <u>17</u> )
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 20 and 26)				
7100	Interest income	1,145	-	573	-
7010	Other income	2,510	-	2,659	-
7020	Other gains and losses	( 2,320)	-	24,631	2
7050	Finance costs	( 5,355)	-	( 4,701)	-

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Code		2023		2022	
		Amount	%	Amount	%
7070	Share of the other comprehensive income of subsidiaries accounted for using equity method	<u>194,341</u>	<u>20</u>	<u>475,919</u>	<u>31</u>
7000	Total non-operating income and expenses	<u>190,321</u>	<u>20</u>	<u>499,081</u>	<u>33</u>
7900	INCOME (LOSS) BEFORE INCOME TAX	( 89,022 )	( 9 )	241,289	16
7950	INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 21)	<u>12,866</u>	<u>1</u>	( <u>49,465</u> )	( <u>3</u> )
8200	NET INCOME (LOSS)	( <u>76,156</u> )	( <u>8</u> )	<u>191,824</u>	<u>13</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 17, 18 and 21)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	( 705 )	-	6,615	-
8349	Income tax expense related to item that will not be reclassified subsequently	141	-	( 1,323 )	-
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	( 22,884 )	( 2 )	( 3,021 )	-
8399	Income tax benefit (expense) related to items that will be reclassified subsequently	<u>4,577</u>	<u>-</u>	<u>604</u>	<u>-</u>
8300	Other comprehensive income (loss) for the period, net of income tax	( <u>18,871</u> )	( <u>2</u> )	<u>2,875</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME	( <u>\$ 95,027</u> )	( <u>10</u> )	<u>\$ 194,699</u>	<u>13</u>
	EARNINGS (LOSS) PER SHARE (Note 22)				
9710	Basic earnings per share	( <u>\$ 0.52</u> )		<u>\$ 1.32</u>	
9810	Diluted earnings per share	( <u>\$ 0.52</u> )		<u>\$ 1.31</u>	

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

**ELITE ADVANCED LASER CORPORATION**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		Capital stock	Capital surplus	Retained earnings			Other equity	Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Foreign currency translation reserve	
A1	BALANCE AT JANUARY 1, 2022	<u>\$ 1,456,814</u>	<u>\$ 452,272</u>	<u>\$ 736,221</u>	<u>\$ 66,339</u>	<u>\$ 1,390,838</u>	<u>( \$ 65,301 )</u>	<u>\$ 4,037,183</u>
	Distribution of 2021 earnings (Note 18)							
B1	Legal reserve	-	-	37,211	-	( 37,211 )	-	-
B3	Special reserve	-	-	-	( 1,038 )	1,038	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 262,226 )	-	( 262,226 )
		-	-	37,211	( 1,038 )	( 298,399 )	-	( 262,226 )
N1	Remuneration costs of employee stock options recognized by subsidiary (Note 18)	-	22	-	-	-	-	22
D1	Net income in 2022	-	-	-	-	191,824	-	191,824
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	5,292	( 2,417 )	2,875
D5	Total comprehensive income (loss) in 2022	-	-	-	-	197,116	( 2,417 )	194,699
Z1	BALANCE AT DECEMBER 31, 2022	<u>1,456,814</u>	<u>452,294</u>	<u>773,432</u>	<u>65,301</u>	<u>1,289,555</u>	<u>( 67,718 )</u>	<u>3,969,678</u>
	Distribution of 2022 earnings (Note 18)							
B1	Legal reserve	-	-	19,712	-	( 19,712 )	-	-
B3	Special reserve	-	-	-	2,417	( 2,417 )	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 72,841 )	-	( 72,841 )
		-	-	19,712	2,417	( 94,970 )	-	( 72,841 )
M7	Changes in subsidiaries' ownership (Notes 9 and 18)	-	2,734	-	-	-	-	2,734
N1	Remuneration costs of employee stock options recognized by subsidiary (Note 18)	-	208	-	-	-	-	208
D1	Net loss for 2023	-	-	-	-	( 76,156 )	-	( 76,156 )
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	( 564 )	( 18,307 )	( 18,871 )
D5	Total comprehensive income (loss) in 2023	-	-	-	-	( 76,720 )	( 18,307 )	( 95,027 )
Z1	BALANCE AT DECEMBER 31, 2023	<u>\$ 1,456,814</u>	<u>\$ 455,236</u>	<u>\$ 793,144</u>	<u>\$ 67,718</u>	<u>\$ 1,117,865</u>	<u>( \$ 86,025 )</u>	<u>\$ 3,804,752</u>

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



**ELITE ADVANCED LASER CORPORATION**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income (loss) before income tax	(\$ 89,022)	\$ 241,289
A20010	Adjustments for:		
A20100	Depreciation expense	211,811	251,168
A20200	Amortization expense	1,477	1,971
A20300	Expected credit impairment loss	943	28,952
A20900	Finance costs	5,355	4,701
A21200	Interest income	( 1,145)	( 573)
A22400	Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	( 194,341)	( 475,919)
A23500	Impairment loss on property, plant and equipment	7,609	31,481
A23700	Inventory loss (reversal of write-down of inventories)	26,053	27,211
A24100	Foreign currency exchange (gain) loss	4,400	( 13,379)
A29900	Liability provisions	1,430	2,296
A29900	Gains from lease modification	-	( 19)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	21,673	( 5,352)
A31130	Notes receivables	-	13,309
A31150	Accounts receivable	( 59,718)	172,961
A31160	Accounts receivable due from related parties	23,963	( 31,705)
A31180	Other receivables	( 115,412)	1,274
A31200	Inventories	52,558	23,069
A31230	Prepayments	( 20,008)	( 21,833)
A32125	Contract liabilities	3,618	( 14,673)
A32150	Accounts payable	( 67,826)	( 96,778)
A32180	Other payables	72,264	( 46,802)
A32190	Other payables - related parties	630	-
A32230	Other current liabilities	( 309)	( 553)
A32240	Net defined benefit liabilities	578	465
A33000	Net cash generated by operating activities	( 113,419)	92,561
A33100	Interest received	1,145	573
A33300	Interest paid	( 5,376)	( 4,775)
A33500	Income taxes paid	( 24,418)	( 70,275)
AAAA	Net cash inflow (outflow) from operating activities	( 142,068)	18,084

(Continued)

(Continued from previous page)

Code		2023	2022
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B02200	Net cash outflow from acquisition of subsidiary (Note 9)	-	( 225,000 )
B02300	Net cash inflow from disposal of subsidiaries (Note 9)	55,691	-
B02700	Acquisition of property, plant and equipment	( 29,026 )	( 62,692 )
B03700	Increase in refundable deposits	( 150 )	-
B03800	Decrease in refundable deposits	-	263
B04300	Increase in other receivable due from related parties	( 444 )	-
B04500	Acquisition of intangible assets	( 113 )	( 758 )
B07100	Increase in prepayments for equipment	( 1,193 )	( 3,311 )
B07600	Dividends from subsidiaries	<u>382,680</u>	<u>361,952</u>
BBBB	Net cash inflows from investing activities	<u>407,445</u>	<u>70,454</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C01600	Long-term borrowing	370,000	405,000
C01700	Repay long-term borrowing	( 570,000 )	( 358,990 )
C04020	Repayment of the principal portion of lease liabilities	( 7,501 )	( 7,832 )
C04500	Dividends to owners of the Company	( 72,841 )	( 262,226 )
C05400	Acquisition of the subsidiaries equity	( <u>46,562</u> )	-
CCCC	Net cash used in financing activities	( <u>326,904</u> )	( <u>224,048</u> )
DDDD	<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS</b>	( <u>309</u> )	<u>12,399</u>
EEEE	<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 61,836 )	( 123,111 )
E00100	<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>219,815</u>	<u>342,926</u>
E00200	<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 157,979</u>	<u>\$ 219,815</u>

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

## 8. Appendix

<b>Appendix 1</b>
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### **Elite Advanced Laser Corporation**

#### Articles of Association

##### Chapter 1. General Provisions

- Article 1. The Company is organized in accordance with the Company Act and is named as Elite Advanced Laser Corporation.
- Article 2. The businesses of the Company are as follows:
1. CC01080 Electronics Components Manufacturing
  2. F119010 Wholesale of Electronic Materials
  3. F219010 Retail Sale of Electronic Materials.
  4. 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 external guarantees to meet its business needs.
- Article 4. The Company's re-investment shall not be subject to the restriction that the total amount of investment shall not exceed 40% of the paid-in capital as provided in Article 13 of the Company Act.
- Article 5. The head office of the Company shall be located in New Taipei City, and, if necessary, by resolution of the Board of Directors, branch offices may be established at other appropriate locations.
- Article 6. The public announcement method of the Company shall be handled according to Article 28 of the Company Act.

##### Chapter 2. Shares

- Article 7. The total capital of the Company is set at NT\$3 billion, divided into 300 million shares of NT\$10 each, which the Board of Directors is authorized to issue in tranches.
- The Company may issue employee stock option certificates, and shall reserve ten million shares of the total amount of shares referred to in the preceding paragraph as shares for the issuance of employee stock option certificates.

- Article 8. Employee stock option certificates issued by the Company at a subscription price lower than the closing price of the ordinary shares of the Company on the date of issuance shall be issued only after they have been approved by two-thirds or more of the voting rights of shareholders present at a shareholders' meeting representing a majority of the total number of outstanding shares.
- Article 9. The employee treasury shares transferred by the Company to the employees at a price lower than the average price of the shares actually bought back shall, prior to the transfer, be approved by shareholders representing more than half of the total number of issued shares and more than two-thirds of the voting rights of shareholders present at the most recent shareholders' meeting.
- Article 10. The share certificates of the Company shall be issued after being signed or sealed by the director on behalf of the Company and affixed with the chart of the Company, and shall be certified in accordance with the law. The Company may dispense with the printing of share certificates, provided that it shall register the shares issued by it with a centralized securities depository enterprise and comply with the regulations of such institution.
- Article 11. Shareholders shall submit a specimen of their chops to the Company for recordation. Thereafter, when shareholders receive dividends from the Company or exercise their rights in writing, the chops retained by the Company shall be used as evidence. The transfer, gift, creation and release of pledges, loss, destruction, or other matters relating to shares shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and other relevant laws and regulations.
- Article 12. No change shall be made to the register of shareholders within 60 days prior to the date of an annual shareholders' meeting, within 30 days prior to the date of an extraordinary shareholders' meeting, or within five days prior to a record date for the distribution of dividends, bonuses, or other benefits as determined by the Company.

### Chapter 3. Shareholders' Meeting

- Article 13. The shareholders' meeting of the Company shall be divided into an annual meeting and an extraordinary meeting. The annual meeting shall be convened by the Board of Directors once a year within six months after the end of a fiscal year, and the extraordinary meeting shall be convened in accordance with the law when necessary. The shareholders' meetings may be held by video conference or other means announced by the central competent authority.
- Article 14. All shareholders of the Company shall have one vote per share unless otherwise specified by law.

- Article 15. When the Company convenes a shareholders' meeting, it may allow to exercise voting rights in writing or by electronic means. If voting rights are exercised in writing or by electronic means, the method of exercising the voting rights shall be specified in the notice of convening the shareholders' meeting.
- Article 16. The chairperson of the shareholders' meeting shall be appointed by the chairman. In the absence of the chairman, the chairman shall designate a director to act on his behalf. If the chairman has not designated a proxy, the directors shall elect a director to act on his behalf. If the shareholders' meeting is convened by a person with the right to convene other than the board of directors, the chairperson shall be such person with the right to convene. If there are two or more persons with the right to convene meetings, one of such persons shall be elected as the chairperson.
- Article 17. Except otherwise specified in the Company Act, a resolution at a shareholders' meeting shall be made by a majority of votes of the shareholders present, representing a majority of the total number of issued shares.
- Article 18. The resolutions of the shareholders' meeting shall be made into minutes, which shall be signed or sealed by the chairperson, and shall be distributed to all shareholders within 20 days after the meeting. The year, month, day, place, name of the chairperson and the result of the resolution shall be recorded in the minutes. The minutes shall be kept together with the signature book of the shareholders attending the meeting and the letter of proxy for attendance by proxy.
- The foregoing minutes shall be distributed by public announcement.

#### Chapter 4. Board of Directors

- Article 19. The Company shall have a Board of Directors consisting of five to nine directors, who shall be elected by the shareholders' meeting from a list of candidates nominated for a term of three years, and may be re-elected. The total shareholding percentage of all directors of the Company shall be in accordance with the regulations of the competent authority for securities.
- Article 20. Among the aforesaid number of directors of the Company, the number of independent directors shall not be less than three. The professional qualifications, shareholdings, restrictions on part-time employment, nomination and election of independent directors and other matters to be complied with shall be governed by the relevant regulations of the competent security authorities.
- Article 21. The Company shall establish an Audit Committee in accordance with the provisions of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The Audit Committee and its members shall be responsible for exercising the powers of a supervisor under the Company Act, the Securities and Exchange Act, and other laws.

Article 22. The Board of Directors shall be organized by the directors, and the chairman of the board shall be elected by more than two-thirds of the directors present at the meeting and agreed by more than half of the directors present at the meeting. The chairman shall represent the Company externally. When necessary, the Company may appoint a vice chairman, who shall be elected by the Board of Directors from among its members in the same manner.

Article 23. The functions and powers of the Board of Directors are as follows:

1. Proposed amendments to the Articles of Association.
2. Establishment and abolition of branch offices.
3. Approve the annual budget and review the annual statements, including the review and supervision of the implementation of the annual business plan.
4. Approval of the Company to invest in other enterprises or the transfer of shares.
5. The selection and dismissal of the Company's certified public accountants.
6. Proposal for the disposal of all or a material part of the Company's property or business by way of concession, sale, lease, pledge, mortgage, or other means.
7. Approval of loans of company funds to others.
8. Approve the Company's application to a financial institution or a third party for financing, guarantee, acceptance, or any other credit business or borrowing, with the amount at 10% or more of the Company's paid-in capital.
9. Approve capital expenditure with an amount exceeding 10% or more of the Company's paid-in capital.
10. Endorsement, guarantee and acceptance in the name of the Company.
11. Approval of contracts with an amount equal to or more than 10% of the paid-in capital.
12. Approval of transactions involving 10% or more of the paid-in capital between the Company and related parties (including affiliated enterprises).
13. Acquisition, transfer and grant of know-how and trademark rights, copyrights and patent rights, and approval, amendment and termination of technical cooperation contracts.
14. To exercise other powers conferred by laws, regulations, and resolutions of the shareholders' meeting.

If the matters set forth in Subparagraph 8 and Subparagraph 9 of the preceding paragraph are applied to the same trader, the contract, application, or direct expenditure shall not be broken down.

Article 24. Except as otherwise provided by the Company Act, the directors' meeting shall be convened by the chairman, who shall be the chairperson. If the chairman is on leave or is unable to exercise his powers for any reason, he shall designate a director to act on his behalf in accordance with Article 208 of the Company Act.

The notice to convene the meeting referred to in the preceding paragraph may be given by electronic means or by facsimile.

- Article 25. Unless otherwise provided by the Company Act, a resolution shall be adopted by the Board of Directors with the approval of more than half of the attending directors.
- Article 26. If a director is unable to attend a meeting of the Board of Directors for any reason, he may appoint another director to attend the meeting on his behalf, provided that a director may only be appointed by one person to attend a meeting of the Board of Directors on his behalf.
- Article 27. The Board of Directors shall be authorized to determine the remuneration and travel expenses of the chairman and the directors, regardless of the company's operating profit or loss, in accordance with the degree of their participation in the company's operation and the value of their contribution, and with reference to the industry standards at home and abroad.
- Article 28. The Company may purchase liability insurance for the scope of business performed by a director during his term of office.
- Article 29. The Board of Directors of the Company may establish other functional committees, the organizational rules of which shall be formulated by the Board of Directors.

#### Chapter 5. Managers

- Article 30. The Company has one general manager, whose appointment, dismissal, and remuneration shall be handled according to Article 29 of the Company Act.

#### Chapter 6. Accounting

- Article 31. The Company's fiscal year begins on January 1 of each year and ends on December 31 of the same year.
- Article 32. After the final accounts of the Company at the end of the year, the Board of Directors shall prepare the following statements and submit them to the annual shareholders' meeting for recognition:
1. Business Report
  2. Financial Statements.
  3. Proposal for earnings distribution or deficit compensation.
- Article 33. If the Company makes a profit in the year, it shall allocate 8% to 15% as the remuneration of its employees, which shall be distributed in shares or in cash by resolution of the Board of Directors.
- The Company shall allocate not more than 3% of the above profit as the

remuneration of the directors, which shall be distributed in cash upon the resolution of the Board of Directors.

However, if the Company has accumulated losses, the Company shall have reserved a sufficient amount to offset its accumulated losses, and then distribute the employees and directors' remuneration in accordance with the previous ratio.

Employees' and directors' remuneration distribution proposal shall be reported to the shareholders' meeting.

- Article 34. If there is a surplus after the annual financial report, the Company will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary, the special reserve shall be set aside in accordance with relevant laws or regulations, and the accumulated undistributed earnings of the previous year shall be added as the distributable surplus, which shall be reserved by the Board of Directors according to operation capital demand and distributed in accordance with the earnings distribution proposal submitted to the shareholder's meeting for resolution.

If the statutory surplus reserve referred to in the preceding paragraph has reached the paid-in capital of the company, it may not be set aside.

When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period.

eLaser's dividend policy is to evaluate the eLaser's future capital needs, financial structure, and earnings. As eLaser is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on eLaser's operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

- Article 35. The employee treasury shares, employee stock option certificates, employees' remuneration, new shares subscribed by employees, and new shares with restrictions on employee rights of the Company may be paid to employees of controlling or subordinate companies who meet certain conditions, and the Board of Directors shall be authorized to determine the conditions.

## Chapter 7. Supplementary Provisions

- Article 36. The organizational rules and bylaws of the Company shall be prescribed separately.

- Article 37. Matters not stipulated in the Articles of Association shall be handled in accordance with the Company Act and relevant laws and regulations.



Article 38. These Articles of Association are made on September 20, 2000.

The 1st amendment was made on October 14, 2000.

The 2nd amendment was made on December 6, 2000.

The 3rd amendment was made on July 31, 2001.

The 4th amendment was made on June 11, 2002.

The 5th amendment was made on December 19, 2003.

The 6th amendment was made on June 1 2004.

The 7th amendment was made on May 10, 2005.

The 8th amendment was made on December 22, 2005.

The 9th amendment was made on December 22, 2005.

The 10th amendment was made on March 14, 2006

The 11th amendment was made on June 29, 2006

The 12th amendment was made on June 13, 2007

The 13th amendment was made on June 19, 2008

The 14th amendment was made on October 21, 2008

The 15th amendment was made on June 13, 2012

The 16th amendment was made on June 25, 2013

The 17th amendment was made on June 24, 2015

The 18th amendment was made on June 6, 2016

The 19th amendment was made on June 14, 2017

The 20th amendment was made on June 6, 2019

The 21st amendment was made on June 11, 2020.

The 22nd amendment was made on June 29, 2022.

Elite Advanced Laser Corporation

Chairman: Chu-Liang, Cheng

## **Elite Advanced Laser Corporation**

### **Regulations of Procedures of Shareholders' Meetings**

- Article 1. The rules of procedure of the shareholders' meeting of Elite Advanced Laser Corporation (Hereinafter referred to as the Company) shall be governed by these rules, unless otherwise provided by law or the Articles of Association.
- Article 2. Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

The Company shall, 30 days prior to the general shareholders' meeting or 15 days prior to the extraordinary shareholders' meeting, upload the notice of convening of the shareholders' meeting, the power of attorney, the proposals for recognition, discussion, election or dismissal of directors, etc. in electronic formats to the official site of Market Observation Post System. The Company shall also formulate the shareholders' meeting handbook and supplementary materials into electronic files and upload them to the Market Observation Post System at least 21 days prior to a general shareholders' meeting or 15 days prior to an extraordinary shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

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.

Issues that involve election or dismissal of directors, changes to the Articles of Association, capital reduction, application for suspension of a public offering, director's permission to compete, surplus capital increase, capital reserve conversion, corporate liquidation, merger, divestment, or any matters listed in Paragraph 1 of Article 185 of the Company Act, Article 26-1 or Article 43-6 of the Securities and Exchange Act, or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers must be raised and have the main content explained as part of the regular motions (it cannot be raised in the form of extempore motions). The main content may be placed on websites designated by the competent securities authorities or the Company, and the website addresses shall be specified in the notice.

If the reasons for convening the general shareholders' meeting have stated the general re-election of directors and the date of their inauguration, after the re-election by the shareholders' meeting is completed, the same meeting shall not reach any resolution to change the date of the directors' inauguration by extempore motions or any other means.

Shareholders holding over 1% of the Company's outstanding shares are entitled to propose written motions for discussion at Annual General Meetings. Each shareholder may only propose one motion. Proposals exceeding this limit shall be excluded from the discussion. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a suggestion for urging the Company to promote public

interests or fulfill its social responsibilities, and only one matter shall be allowed in each of such proposals, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda as per Article 172-1 of the Company Act.

Before the book closure date of the general shareholders' meeting, the Company shall announce the conditions, places, written or electronic acceptance method, and time within which the shareholders' proposals are accepted. The timing of acceptance must not be less than 10 days.

The content of any of the proposals proposed by shareholders shall not exceed 300 words. If the number exceeds 300 words, the proposal will not be included for discussion; the proposing shareholder shall attend the general shareholders' meeting in person or by proxy, and participate in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. For shareholders' proposals that are not included for discussion, the Board of Directors shall explain the reasons for rejection at the shareholders' meeting.

Article 3. Any of the shareholders may, at each shareholders' meeting, issue a power of attorney stipulated by the Company specifying the scope of authorization to appoint a proxy to attend the shareholders' meeting.

Each shareholder may only issue one power of attorney to appoint only one proxy, which shall be delivered to the Company five days before the convening shareholders' meeting. In the event of any repetitive powers of attorney, the one that is served first shall prevail. However, such provision does not apply to those powers of attorney issued prior to the declaration of revocation.

After the proxy form has been delivered to the Company, a shareholder who wishes to attend the shareholders' meeting in person, or who wishes to exercise his voting rights in writing or by electronic means, shall give the Company a written notice of revocation of the proxy form two days before the date of the shareholders' meeting; if the revocation is overdue, the voting rights represented by proxy shall prevail.

(Convening shareholders' meetings and shareholders' meeting notices)

Article 4. The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

(Preparation of documents such as the signature book)

Article 5. The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The preceding registration time shall be at least 30 minutes before the meeting. The registration area shall be clearly identified, and sufficient personnel must be deployed to handle the registration matters.

The shareholder in person or the proxy entrusted by the shareholder (hereafter "shareholder") must present the attendance certificate, attendance sign-in card, or other attendance certificates in order to attend the shareholders' meeting. Except for the documents required by the shareholders to attend, the Company shall not

arbitrarily request additional supporting documents. The proxy with a power of attorney must present ID documents for verification.

The Company shall prepare the signature book for the attending shareholders to sign in, or the attending shareholders may hand in the sign-in cards in lieu of signing in.

The Company shall deliver the meeting handbooks, annual reports, attendance certificate, speech slips, voting ballots and other meeting materials to the shareholders attending the shareholders' meeting; if there is any election of directors, the election ballots shall be attached.

For the shareholder who is a government or juristic person, the number of representatives attending the shareholders' meeting is not limited to one person.

When a juristic person is appointed to attend the shareholders' meeting, only one representative of such legal person may be appointed to attend the meeting.

(The chairperson and non-voting participants of a shareholders' meeting)

Article 6. If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman 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 person other than the Board of Directors with the right to convene, the chairperson of the meeting shall be the person with the right to convene. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may designate appointed lawyers, accountants or relevant personnel to attend the shareholders' meeting as attendees.

(Documentation of a shareholders' meeting by audio or video)

Article 7. The Company shall record the entire process of registration, the discussion, and voting of the shareholders, meeting continuously and uninterruptedly starting from the time of acceptance of shareholders' registration.

The audio-visual materials in the preceding Paragraph shall be kept for at least one year. However, if the case involves a lawsuit under Article 189 of the Company Act, the materials shall be retained until the end of the lawsuit.

(Calculation of the number of shares held by those present at the shareholders' meeting and convening of the meeting)

Article 8. Attendance and voting at a shareholders' meeting shall be calculated on the basis of shares; the number of shares held by those present shall be calculated on the basis of the signature book or the sign-in card submitted, plus the number of shares exercising voting rights by written or electronic means.

The chairperson shall call the meeting to order at the scheduled meeting time and announce the relevant information, such as the number of non-voting rights and the number of shares present. However, when shareholders representing more than half of the total number of issued shares are not present, the chairperson may announce that the meeting to be postponed. The times of postponements shall not exceed two, and the total postponement time shall not exceed one hour. 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 chairperson shall declare the meeting adjourned.

If the share amount present does not exceed one-third of the total issued shares after 2 postponements, a tentative resolution may be passed pursuant to the first paragraph in Article 175 of the Company Act and notify the shareholders of the tentative resolution and reconvene the shareholders' meeting within 1 month.

If the number of shares represented by the shareholders present has reached a majority of the total number of shares issued before the end of the meeting, the chairperson shall resubmit the tentative solutions passed to be voted by the shareholders' meeting according to Article 174 of the Company Act.

(Discussion of proposals)

Article 9. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on the proposals on the agenda one by one (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding Paragraph shall apply *mutatis mutandis*.

Before the meeting (including extempore motions) is adjourned, the chairperson shall not declare the meeting adjourned without resolution; if the chairperson violates the Regulations and announces the adjournment of the meeting, the other members of the board of directors shall promptly assist the shareholders present in accordance with legal procedures to elect a person to be the chairperson with the consent of more than half of the voting rights of the shareholders present to continue the meeting process.

The chairperson shall provide sufficient explanations and opportunities for discussion on the proposals and the amendments or extempore motions proposed by shareholders. When the chairperson deems that the voting has reached a sufficient level, he/she may announce the suspension of the discussion for voting and arrange a suitable time for voting.

(Shareholder speech)

Article 10. Before a shareholder presents and delivers a speech in the meeting, the shareholder must fill out a speech slip that states the speech's main points, the shareholder's account number (or attendance certificate number), and account name. The chairperson shall determine the order of speeches to be delivered.

The attending shareholders who only submit the speech slip without making speeches are deemed to have not made speeches. If the content of the spoken speech is inconsistent with the record of speech slip, the content of the spoken speech shall prevail.

Each present shareholder's speech on the same proposal shall not exceed two times (each time shall not exceed five minutes) without the consent of the chairperson. However, if the shareholder's speech violates the regulations or exceeds the scope of the agenda, the chairperson may stop such shareholder from making a speech.

When an attending shareholder makes a speech, other shareholders shall not interfere with his/her speech unless having obtained the consent of the chairperson and the speaking shareholder, and the chairperson shall stop anyone violating such provision.

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 attending shareholders' speeches, the chairperson may reply in person or designate relevant personnel for replying.

(Calculation of voting shares and recusal system)

Article 11. Votes during a shareholders' meeting shall be calculated based on the number of shares.

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

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

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

Except for a trust enterprise or a stock agency approved by the securities competent authority, when one proxy is appointed by two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares. The excess voting rights shall not be included.

(Voting on resolution)

Article 12. Shareholders have one voting right per share, except for those restricted or have no voting rights pursuant to Paragraph 2, Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, it may adopt electronic or written manners to exercise the voting rights; when exercising voting rights in writing or electronically, the method for exercising rights shall be specified in the notice of convening of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person. However, the extempore motions and the amendment to the original proposals at the shareholders' meeting shall be deemed as abstention. Therefore, the Company shall refrain from submitting the extempore motions and the amendments to the original proposals.

In the event of exercising voting rights in writing or electronically in the preceding

Paragraph, the statement of intent shall be delivered to the Company two days prior to the convening of shareholders' meeting. However, such provision does not apply to those statements of intent issued prior to the declaration of revocation.

After shareholders have exercised their voting rights in writing or electronically, if they wish to attend the shareholders' meeting in person, they must revoke the aforesaid expressions of intent 2 days before the shareholders' meeting the same way they exercised their vote rights. If the revocation is overdue, the voting rights exercised in writing or electronically shall prevail. If the voting rights are exercised in writing or electronically and a proxy is appointed via the power of attorney to attend the shareholders' meeting, the voting rights exercised by the proxy appointed shall prevail.

The vote for a proposal shall be passed with the approval of a majority of the shareholder voting rights present unless otherwise stipulated in the Company Act or the Articles of Association. At the time of voting, shareholders shall vote on a case-by-case basis after the total number of shareholder voting rights announced by the chairperson or the chairperson's proxy, and the shareholders' approval, opposition, and abstention voting results shall be uploaded to the Market Observation Post System. A resolution shall be deemed to have been passed by all shareholders present without objection after consultation by the chairperson, and shall have the same effect as voting by poll; in case of objection, voting by poll shall be conducted in accordance with the provisions of the preceding paragraph.

When there are several amendments or alternatives to the same proposal, the chairperson shall determine the order of voting on such proposal with the original one. If one of the proposals reaches resolution, the other proposals shall be deemed to be rejected and no further voting would be required.

The scrutineers and vote-counters for voting on the resolution shall be designated by the chairperson, but the scrutineers shall have the identity as shareholders.

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.

(Election of directors and supervisors)

Article 13. The election of directors during the shareholders' meeting must be handled according to the relevant election provisions set by the Company. The election results, including the list of elected directors, the final tally, the list of directors who have lost the election, and the number of voting rights they obtained must be announced on-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 1 year. However, if the case involves a lawsuit under Article 189 of the Company Act, the materials shall be retained until the end of the lawsuit.

(Minutes and signatures)

Article 14. The resolutions of the shareholders' meeting shall be made into minutes, which shall be signed or sealed by the chairperson, and shall be distributed to all shareholders within 20 days after the meeting. The production and distribution of meeting minutes may be conducted electronically.

The aforesaid meeting minutes may be announced via upload to the Market

#### Observation Post System.

The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceedings and voting results of various motions (including statistical weights), and the number of votes obtained by each candidate during director and supervisor elections. The minutes of meeting shall be kept during the existence of the Company.

The resolution referred to in the preceding paragraph shall be adopted after the chairperson has consulted the opinions of the shareholders. If the shareholders have no objection to the resolution, the statement "Passed without objection by all shareholders present after the chairperson has consulted" shall be recorded. However, if the shareholders have objections to the resolution, the method of voting and the proportion of voting rights and weights shall be specified.

#### (Public disclosure)

Article 15. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If a shareholders' meeting resolution involves significant information required by the laws and regulations or by the TWSE, the Company shall transmit the content to the Market Observation Post System within a certain deadline.

#### (Maintaining order at the meeting place)

Article 16. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chairperson 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."

If the venue has any amplifying equipment installed, the chairperson may stop the shareholders from speaking with such equipment other than those provided by the Company.

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

#### (Recess and resumption of a shareholders' meeting)

Article 17. At the discretion of the chairperson, a break may be declared at any time during the meeting. During a force majeure event, the chairperson may rule to suspend the meeting temporarily and announce the meeting continuation time.

If the meeting venue cannot continue to be used before the agendas (including extempore motions) set by the shareholders' meeting are concluded, the shareholders' meeting may decide to find another venue to continue the meeting.

The shareholders' meeting may decide to postpone or continue the meeting within 5 days pursuant to Article 182 of the Company Act.

Article 18. Matters not provided for in these Rules shall be handled in accordance with the Company Act, the Securities and Exchange Act, the Articles of Association of the Company, and other relevant laws and regulations.



Article 19. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

## Information on Employees' and Directors' Remuneration

1. Please refer to Appendix 1 for the relevant information on the employees' and directors' remuneration set forth in the Articles of Association.
2. The Board approved the proposed amount of employees' and directors' remuneration and other information:

As for earnings distribution for 2023, due to market fluctuations and industrial development, the Company did not make a profit, so no employee remuneration and director remuneration will be provided. This case has been approved by the resolution of the Board of Directors on March 14, 2024 and reported to the shareholders' meeting in accordance with the law. As for earnings distribution for 2023, due to market fluctuations and industrial development, the Company did not make a profit, so no employee remuneration and director remuneration will be provided.

**Elite Advanced Laser Corporation****Shareholdings of All Directors**

In accordance with Article 26 of the Securities and Exchange Act and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum percentage of shares held by all directors of the Company shall be 6%.

<b>Item</b>	<b>Number of shares</b>	<b>%</b>
Total number of issued shares of the Company	145,681,382	
Shareholdings of all directors (shares held by Independent Directors are not counted )	8,740,882	7.74%

Notes: The Company has set up an Audit Committee, so there is no application to the number of shares required to be held by the supervisors.

Record Date: April 9, 2024

<b>Title</b>	<b>Name</b>	<b>Date when elected</b>	<b>Number of shares held</b>
Chairman	Chu-Liang, Cheng	June 29, 2022	8,650,747
Director	Wen-Hsing, Huang	June 29, 2022	440,000
Director	Tay-Jen, Chen	June 29, 2022	2,105,440
Director	Tsong-Min, Liang	June 29, 2022	72,596
Independent director	Chi-Yu, Yang	June 29, 2022	-
Independent director	Chin-Der, Ou	June 29, 2022	-
Independent director	Hun-Cheh, Chen	June 29, 2022	402,142
<b>Total</b>			<b>11,670,925</b>

Notes: The Company has set up an Audit Committee, so there is no application to the number of shares required to be held by the supervisors.

