

Stock Code: 4 5 3 6



# TOPKEY CORPORATION

## HANDBOOK FOR THE 2023 ANNUAL SHAREHOLDER'S MEETING

Convening Method: Physical Shareholders' Meeting

**May 31, 2023**

No. 17, 20<sup>th</sup> Rd., Industrial Park, Taichung City, Taiwan  
(B1 Meeting Room of Topkey Corporation)

*Note to Readers: 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 version shall prevail.*

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# **TOPYKEY CORPORATION**

## **Meeting Procedure of 2023 Annual Shareholders' Meeting**

**I. Chair's Statement**

**II. Report Matters**

**III. Adoption Matters**

**IV. Discussion Matters**

**V. Extraordinary Motion**

**VI. Adjournment**



# TOPKEY CORPORATION

## Meeting Agenda of 2023 Annual Shareholders' Meeting

- Time : May 31, 2023 (Wednesday) at 9:00 a.m.
- Place : No. 17, 20<sup>th</sup> Rd., Industrial Park, Taichung City, Taiwan (B1 Meeting Room of Topkey Corporation)
- Attendants : Whole Shareholders and Equity Representatives
- Chair : Chairman Shen, Wen-Chen (@Walter Shen)

### I. Chair's Statement

### II. Report Matters:

- (1) 2022 Business Report.
- (2) The Audit Committee's Report of Review on the Company's 2022 Final Statements.
- (3) Report on 2022 remuneration for Employees and Directors.
- (4) Amendment of Partial Articles of the Company's "Rules of Procedures for Board of Directors Meetings".

### III. Adoption Matters:

- (1) Proposal of the Company's 2022 Business Report and Financial Statements.
- (2) Proposal of the Company's 2022 Earnings Distribution.

### IV. Discussion Matters:

- (1) To discuss and approve the amendment of Partial Articles of the Company's "Rules of Procedures for Acquisition or Disposal of Assets".
- (2) To discuss and approve the amendment of Partial Articles of the Company's "Rules of Procedure for Shareholders' Meetings".

### V. Extraordinary Motion

### IV. Adjournment

## **II. Report Matters**

### **Proposal 1 【Proposed by the Board of Directors】**

Proposal : The 2022 business report is submitted for your review.

Explanation : For details of the 2022 business report, please see Attachment 1.  
(Please refer to pages 8-10 of the Handbook.)

### **Proposal 2 【Proposed by the Board of Directors】**

Proposal : The audit committee's report on the Company's 2022 final statements is submitted for your review.

Explanation : For details of the audit committee's review report, please see Attachment 2. (Please refer to pages 11 of the Handbook.)

### **Proposal 3 【Proposed by the Board of Directors】**

Proposal : The report on 2022 remuneration for Employees and Directors is submitted for your review.

Explanation : Pursuant to Article 30 of the Company's articles of incorporation, in case of making profit in the Company's final accounts, 3% to 10% shall be appropriated as the profit-sharing compensation for the employees, and no more than 5% for the directors. For details of proposed distribution of the 2022 remuneration for employees and directors, please see Attachment 3. (Please refer to page 12 of the Handbook.)

### **Proposal 4 【Proposed by the Board of Directors】**

Proposal : The report on amendment of partial articles of the Company's "Rules of Procedure for Board of Directors Meetings" is submitted for your review.

Explanation : In order to strengthen corporate governance, partial articles of the Company's "Rules of Procedure for Board of Directors Meetings" is hereby appended and amended in accordance with Letter of the Taiwan Stock Exchange with reference to File of Tai-cheng-shang-i-tzu No. 1110015595 on August 8, 2022. For details, please see Attachment 4. (Please refer to pages 13-16 of the Handbook.)

### **III. Adoption Matters**

#### **Proposal 1 【Proposed by the Board of Directors】**

**Proposal** : The proposal of the 2022 business report and financial statements are submitted for your adoption.

**Explanation** :

1. The Company's 2022 financial statements have been reviewed and certified by CPA Wu, Shao-Chun and CPA Tseng, Done-Yuin of Deloitte & Touche, and an audit report is issued.
2. The business report and the financial statements have been approved by the Board of Directors and reviewed by the Audit Committee.
3. For details of the business report, financial statements and CPAs' audit report, please see Attachment 1 (Please refer to pages 8-10 of the Handbook) and Attachment 5 (Please refer to pages 17-37 of the Handbook.)
4. Please adopt the matters.

**Resolution** :

#### **Proposal 2 【Proposed by the Board of Directors】**

**Proposal** : The proposal of the 2022 earnings distribution is submitted for your adoption.

**Explanation** :

1. The Board of Directors of the Company drew up the earnings distribution proposal as follows, in accordance with the company's articles of incorporation on March 9, 2023:

TOPKEY CORPORATION  
2022 EARNINGS DISTRIBUTION TABLE

Unit: NT\$

Undistributed earnings at the beginning of the period	\$	1,759,645,759
+ Net profit after tax of the current year		2,260,063,589
Offset Items		
- Legal surplus reserve (10%)		(226,006,359)
+ Special surplus reserve reversed according to the law (Note 1)		288,901,735
Earnings available for distribution for the current year		4,082,604,724
Distribution Items		
Shareholders' dividend		
(Stock dividend is about NT\$0 per share in a total amount of NT\$0)		0
(Cash dividend is about NT\$11 per share in a total amount of NT\$999,020,000)		(999,020,000)
Undistributed earnings at the end of the period		\$ 3,083,584,724

Note 1: The balance of other equity items in "equity" as of the end of 2022 was -NT\$330,291,103, for which the Company has appropriated the special surplus reserve in the amount of NT\$619,192,838. In accordance with the provisions of Letter with reference to File of Chin-kuan-cheng-fa-tzu No. 1010012865, the special surplus reserve in NT\$288,901,735 shall be reversed in 2022.

Chairman Shen, Wen-Shen      General Manager: Shen, Pei-Ni      Chief Financial Officer: Chang, Chiu-Sen

2. Each share as above-mentioned is calculated by the outstanding shares of 90,820,000 as of the end of 2022.
3. If before the base date of earnings distribution, the Company repurchases its own shares, transfers and cancels the treasury stock, converts the convertible bonds or exercises the employee stock warrants, etc. so as to incur changes of the number of outstanding shares on the base date of the Company's earnings distribution, it is proposed that the shareholders' meeting authorizes the Board of Directors adjusts the dividend distribution rate for the shareholders, subject to the actual outstanding shares on the earnings distribution date as per the shareholders' dividend amount in this earnings distribution proposal.
4. Pursuant to Article 66-9 of the current Income Act, from 2018, if there are any earnings of the current year not distributed by a profit-seeking enterprise, an additional profit-seeking income tax shall be levied at the rate of five percent on such undistributed surplus earnings. Effective 2018, the aforesaid tax shall be levied at the rate of five percent. In accordance with the provisions of the Ministry of Finance's Letter with reference to File of Tai-tsai-shui No. 871941343 on April 30, 1998, the earning distribution shall adopt the individual identification method. The Company's earnings are distributed on the basis of priority distribution of distributable earnings in 2022; in case of any deficiency, the previous accumulated distributable earnings shall be distributed based on the sequence of last in and first out, subject to the

sequence of year when the earnings are gained.

5. After the distribution of the shareholders' dividend from earnings is approved by the regular shareholders' meeting, the Board of Directors shall be authorized to set the ex-dividend base date; the cash dividend distributed for this time shall be calculated in up to NT\$1 with the fractional amount below NT\$1 re-accounted into the employees' welfare committee.
6. In terms of this proposal, if the laws change, amendment thereof is approved by the competent authority, or amendment is required due to the change of objective environment, it is proposed that the Board of Directors handles the matters with full authority under the authorization of the shareholders' meeting.
7. Please adopt the proposal.

Resolution:

#### **IV. Discussion Matters**

Proposal 1 : **【Proposed by the Board of Directors】**

Proposal : The proposal of amendment of partial articles of the Company's "Rules of Procedures for Acquisition or Disposal of Assets" is submitted for your decision.

Explanation :

1. In order to correspond to practical operation and strengthen related party transaction, partial articles of the Company's "Rules of Procedures for Acquisition or Disposal of Assets" is hereby appended and amended in accordance with Letter of the Taiwan Stock Exchange with reference to File of Tai-cheng-shang-i-tzu No. 1110002112 on February 7, 2022. For details of the cross reference table of related amendments, please see Attachment 6 (please refer to pages 38-45 of the Handbook).
2. This proposal has been approved by the resolution of the Board of Directors meeting on December 22, 2022. It is submitted to the shareholders' meeting for discussion.

Resolution:

Proposal 2 : 【Proposed by the Board of Directors】

Proposal : The proposal of amendment of partial articles of the Company's "Rules of Procedure for Shareholders' Meetings" is submitted for your decision.

Explanation :

1. In keeping with permission for the public companies to convene a virtual shareholders' meeting, as set out in the Company Act, the partial articles of the Company's "Rules of Procedure for Shareholders' Meetings" are hereby appended and amended in accordance with the Letter of the Taiwan Stock Exchange with reference to File of Tai-cheng-chih-li-tzu No. 1110004250 on March 8, 2022. For details of the cross reference table of related amendments, please see Attachment 7 (please refer to pages 46-60 of the Handbook.)
2. This proposal has been approved by the resolution of the Board of Directors meeting on December 22, 2022. It is submitted to the shareholders' meeting for discussion.

Resolution:

## **V. Extraordinary Motion**

## **VI. Adjournment**

### **III. Relevant Attachments for Reference**

#### **I. Business Report**

## **TOPKEY CORPORATION**

### **Business Report**

#### **2022**

Benefited from continuous popular selling of sports and leisure products, in addition to strenuous efforts of the employees to meet hugely-growing order demands of customers, Topkey Corporation created a record high consolidated revenue in the amount of up to NT\$10.965 billion in 2022. In terms of profit, favored by increase of price and depreciation of NT dollar and RMB against US dollar, the margin in 2022 increased by 4.86% compared with 2021. Moreover, the company's operation scale was expanded with more economic benefits, a good performance was created for the earnings per share in NT\$24.89 in 2022.

Since its establishment, Topkey has adhered to the business philosophy of "sincerity, diligence, innovation and gratitude", working on becoming a human-friendly enterprise with five winning concepts of "customers' satisfaction, employees' pleasure, shareholders' interests, sustainable development, and feedback to the society". Looking forward to the future, in addition to continuing to promote financial information transparency and making corporate governance more sophisticated in compliance with the regulations of the competent authority, the Topkey's management team, in face of the global net zero emissions goal, Topkey will strengthen implementation of ESG in pursuit of corporate consolidated and sustainable development, and fulfil the whole shareholders' commitments and expectations.

The report on 2022 business results is as follows:

#### **1. 2022 Business Report**

##### **(1) Implementation Results of Business Plan**

As Topkey's parent company only's financial statements indicated, the operating revenue in 2022 was NT\$8.245 billion, accounting for an increase of NT\$2.382 billion compared with NT\$5.863 billion in 2021 with a growth of 40.64%; the margin in 2022 was 22.11%, increasing by 3.04% compared with 19.07% in the previous year; the net profit before tax was 33.27%, increasing by 11.90% compared with 21.37% in the previous year.

As Topkey's consolidated financial statements showed, the net operating revenue in 2022 was NT\$10.965 billion, increasing by NT\$2.273 billion compared with NT\$8.692 billion in 2021 with a growth of 26.16%; benefited from rise of raw materials price, and affected by substantial depreciation of NT dollar and RMB against US dollar, the consolidated margin was 35.40%, increasing by 4.86% compared with 30.54% in the previous year; the consolidated pre-tax net profit was 28.83%, representing a substantial increase of 11.99% compared with 16.84% in the previous year.

As a whole, the net profit after tax, attributable to the Company in 2022, was NT\$2.26 billion, increasing by NT\$1.428 billion more than NT\$832 million in 2021 at a growth rate of 171.76%. The earnings per share after tax was NT\$24.89, growing by 171.72% more than NT\$9.16 in the previous year.

## (2) Analysis of Profit and Loss, and Profitability of Topkey's Parent Company Only and Consolidated Financial Reports

Unit: NT\$ Thousand; %

Analysis Items		Year	2022	2021	Increase (Decrease) (%)
Loss	Operating Revenue	Consolidated	10,965,309	8,691,928	26.16%
		Parent Company Only	8,245,125	5,862,658	40.64%
	Operating Margin	Consolidated	3,881,806	2,654,682	46.22%
		Parent Company Only	1,822,875	1,118,261	63.01%
	After-tax Net Profit (Attributable to Shareholder of the Parent Company)	Parent Company Only/Consolidated	2,260,065	831,647	171.76%
Profitability	Return on Assets (%)	Consolidated	17.04	7.91	115.42%
		Parent Company Only	19.10	8.32	129.57%
	Return on Equity (%)	Consolidated	32.03	14.36	123.05%
		Parent Company Only	33.95	15.13	124.39%
	Ratio of Pre-tax Net Profit to Paid-in Capital (%)	Consolidated	348.07	161.10	116.06%
		Parent Company Only	302.02	137.98	118.89%
	Net Profit (%)	Consolidated	20.61	9.57	115.36%
		Parent Company Only	27.41	14.19	93.16%
	Earnings per Share (Dollar)	Parent Company Only/Consolidated	24.89	9.16	171.72%

### (3) Research and Development Results

1. Develop light-weighted and full-suspension trekking frame with weight decreased by 15%.
2. Implement ESG to develop tennis racket by using plant fibres in place of carbon fibres.
3. Develop removable-chine questrial hat.
4. Develop actuation mechanism of new-model helmet lens and obtain practical new-model patent.
5. Develop upgraded small mini C-arm X-ray machine.
6. Develop headrest of advanced development testing equipment with adjustable angle of inclination.
7. Develop accessories for development of movable DR photographing medical diagnosis equipment.

## 2. Overview of 2023 Business Plan

### (1) Business Policy

1. Continue to lay out the future.
2. Reinforce technology innovation.
3. Take the lead for renovation in a fast speed.
4. Implement lean production.

## **(2) The Company's Future Development Strategies**

1. Become the composites technology provider, ranging from concept design to production quality.
2. Fastly develop design drawing and improve production effective and capacity.
3. Enlarge the market share of each product.

## **(3) Important Production and Marketing Strategies**

1. Continue to expand investment in order to diversify operation risks and satisfy customers' demands for orders.
2. Develop new products and new application technology markets.
3. Enhance production efficiency and flexibility in order to shorten production cycles.
4. Continue to promote lean production and increase competitiveness.
5. Continue to make processes lean in order to achieve manpower-saving and improve yield.

## **(4) Impact of External Competitive Environment, Regulatory Environment and Macro Operation Environment**

Although the global COVID-19 pandemic has been weakened this year, and each country has also lifted lockdown one by one to be back to normal life, high inflation urged each country's central bank to drastically hike interest rates one after another, so as to cause slow economic growth of main economies in the world as well as weakness of labor market. Consequently, the enterprises will face a normal operation state with weak consumption this year.

In addition, implementation of net zero emissions and Carbon Border Adjustment Mechanism of Europe and US has become a vital issue affecting operation competitiveness of enterprises. Accordingly, how to introduce low-carbon processes during operation, increase energy efficiency, use low carbon or carbon-free power and fuels, and promote circular economy to save energy, reduce carbon, and further achieve carbon neutrality are the long-term issues which all enterprises need to actively cope with during pursuit of sustainable development and operational strategy planning.

In order to achieve the sustainable development goal, Topkey has established the "Topkey ESG Advisory Committee", and carried out the operations of carbon footprint verification in compliance with the regulations of ISO14064-1. In addition, we have also joined the Bicycling Alliance for Sustainability for striving to move towards the net zero carbon emission goal. Although the external operation environment might suffer interruptions from high inventory of the bike market and weak consumption, Topkey's management team will guild the entire colleagues to perform lean production and enhance competitiveness in order to satisfy customers' commitments. Topkey will also make efforts in promoting the business policy of "continuously laying out the future", "reinforcing technology innovation", "taking the lead for renovation in a fast speed", and "implementing lean production", based on the solid foundation built from long-term focus on composites, concentrate on development of products of composites in each field, and expand their applications for the purpose of ensuring the competition advantages of sustainable development.

Chairman: Shen, Wen-Chen

General Manager: Shen, Pei-Ni

Chief Accounting  
Officer: Chang, Chiu-Sen

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

### **THE AUDIT COMMITTEE'S REVIEW REPORT**

The Board of Directors has prepared the proposals of the Company's 2022 Annual Business Report, Financial Statements (Including Consolidated and Parent Company Only Financial Statements) and Earnings Distribution, among which the Financial Statements have been audited by authorized CPA Wu, Shao-Chun and CPA Tseng, Done-Yuin of Deloitte & Touche and an audit report has been prepared by them in this regard. The aforesaid business report, financial statements & earnings distribution proposals have been reviewed by this Audit Committee and it is deemed that no nonconformity is involved. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

To the Attention of

2023 Annual Shareholders' Meeting of the Company

TOPKEY CORPORATION

Convener of the Audit Committee: YANG, SHEN-CHEN

**March 9, 2023**

### III. Report on 2022 Remuneration for Employees and Directors

1. The Company's 2022 remuneration for employees and directors has been approved by deliberation at the meeting of the Remuneration Committee and the Board of Directors on March 9, 2023.
2. In accordance with Article 30 of the Company's articles of incorporation, in case of gaining profit in each year's final accounts, 3% - 10% shall be appropriated as the profit-sharing compensation for the employees and no more than 5% for the directors. The distribution of the 2022 profit-sharing compensation for employees and directors is proposed as follows:

Item	Ratio %	Remuneration allocation amount
1. Remuneration for Employees	Approximately 3.61%	NT\$ 104,269,336
2. Remuneration for Directors	Approximately 1.36%	NT\$ 39,324,435

#### IV. Cross Reference Table of Amendment of the Company's "Rules of Procedure for Board of Directors Meetings"

Name: T-CI-00-XX01 Rules of Procedure for Board of Directors Meetings

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
1.3.	1.3.	Responsible Unit <u>The financial headquarters</u> is the management unit of these rules.	Responsible Unit <u>The Board of Directors' office of the Group</u> is the management unit of these rules.	Amend the management unit in response to the organizational adjustment.
2.1	2.1	The Company's Board of Directors shall meet quarterly. The reasons for calling a Board of Directors meeting shall be notified to each director seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof. All matters set out in each subparagraph of Paragraph 1 of Article 2.5 in these Rules shall be specified in the notice of the reasons for calling a Board of Directors meeting; none of them may be raised by an extraordinary motion.	The Company's Board of Directors shall meet quarterly. The reasons for calling a Board of Directors meeting shall be notified to each director seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof. All matters set out in each subparagraph of Paragraph 1 of Article 2.5 in these Rules shall be specified in the notice of the reasons for calling a Board of Directors meeting; none of them may be raised by an extraordinary motion, <del>except occurrence of emergency of legitimate reasons.</del>	The important matters involving the company's operation, as set forth in each subparagraph of Paragraph 1 of Article 2.5, shall be specified in the reasons for convening the meeting, so that the directors can have sufficient information and time to evaluate the proposal thereof before the decision-making. The exceptional provisions of the 4 <sup>th</sup> paragraph are hereby deleted and it is expressly stipulated that matters as set forth in each paragraph of Paragraph 1 of Article 2.5 shall be specified in the reasons for calling the meeting and no extraordinary motions shall be raised. In addition, in case of any matters of emergency to be submitted to the Board of Directors meeting for discussion, the meeting shall be convened at all times in accordance with Paragraph 2.
2.3.	2.3.	The Board of Directors of the Company shall appoint <u>the financial headquarters</u> to work on the related agenda affairs. The agenda working group shall prepare agenda items for Board of Directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting. A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a	The Board of Directors of the Company shall appoint <u>the board's office of the Group</u> to work on the related agenda affairs. The agenda working group shall prepare agenda items for Board of Directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting. A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that	Amend the management unit in response to the organizational adjustment.

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors	materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.	
2.5.	2.5.	<p>A company shall submit the following items for discussion by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual financial reports and the Q2 financial statements, which need be audited and attested by CPAs</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.</li> <li>4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</li> <li>5. The offering, issuance, or private placement of any equity-type securities.</li> <li><u>6. If the Board of Directors does not have managing directors, the election or discharge of the chairman of the Board of Directors.</u></li> <li><u>7. The appointment or discharge of a financial, accounting, or internal audit officer.</u></li> <li><u>8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.</u></li> </ol>	<p>The following items should be submitted to the Company's Board of Directors for discussion:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual financial reports and the Q2 financial statements, which need be audited and attested by CP</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</li> <li>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</li> <li>5. The offering, issuance, or private placement of any equity-type securities.</li> </ol> <p><u>This article is newly appended.</u></p> <ol style="list-style-type: none"> <li><u>6. The appointment or discharge of a financial, accounting, or internal audit officer.</u></li> <li><u>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting</u></li> </ol>	<p>1. In accordance with Paragraphs 1 and 2 of Article 208 of the Company Act, the election of directors is the duties and power of the Board of Directors or the Board of Managing Directors; the way to discharge the chairman is not expressly stipulated in the Company Act. Unless otherwise provided in the articles of incorporation, it is relatively reasonable to be resolved as well by the formerly-elected Board of Directors or the Board of Managing Directors.</p> <p>2. Article 6 is hereby appended by referring to the provisions of the aforesaid Company Act and explanations of the Ministry of Economic Affairs' letter, and further in view of the fact that the chairman's discharge and appointment shall be considered as the important matters of the company too.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p><u>9.</u> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>8</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>(The content of the following articles is omitted.)</p>	<p>for retroactive recognition.</p> <p><u>8.</u> Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>7</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>(The content of the following articles is omitted.)</p>	
3.2.	3.2.	<p>Announced Date of Implementation and Date of Amendment.</p> <p>These Rules of Procedure were adopted on December 1, 2009.</p> <p>The first amendment was made on December 17, 2012.</p> <p>The second amendment was made on December 24, 2015.</p> <p>The third amendment was</p>	<p>Announced Date of Implementation and Date of Amendment.</p> <p>These Rules of Procedure were adopted on December 1, 2009.</p> <p>The first amendment was made on December 17, 2012.</p> <p>The second amendment was made on December 24, 2015.</p> <p>The third amendment was</p>	Amend the article by appending the date of amendment.

Amended Article No.	Current Article No.	<b>Amended Article</b>	<b>Current Article</b>	<b>Explanation on Amendment</b>
		<p>made on August 5, 2016.  The fourth amendment was made on November 10, 2017.  The fifth amendment was made on August 13, 2020.  <u>The sixth amendment was made on December 12, 2022.</u></p>	<p>made on August 5, 2016.  The fourth amendment was made on November 10, 2017.  The fifth amendment was made on August 13, 2020.</p>	
Blank below				

## **V.2022 Independent Auditors' Report and Consolidated Financial Statement**

### **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

Topkey Corporation

By

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SHEN WEN CHEN  
President

March 9, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Topkey Corporation

### **Opinion**

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

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit 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:

### Revenue Recognition

The Group's sales revenue mainly comes from the manufacture and sale of sporting goods, carbon fiber products, glass fiber products, and composite materials. A significant portion of export sales to customers increased significantly has a material impact on the financial statements. Therefore, we identified recognition authenticity of sales revenue as a key audit matter. For the accounting policies on the recognition of sales revenue, refer to Note 4.

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood and evaluated the design and appropriateness of implementation of the internal controls related to the recognition of sales revenue, and tested the continuous effectiveness of its controls during the year.
2. We selected samples of the sales revenue receipts and vouched the documents to sales order, delivery of goods and receipt vouchers related to sales revenue and verified the occurrence of the sales revenue.

### **Other Matter**

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

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

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 9, 2023

#### Notice to Readers

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

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

# TOPKEY CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 6,206,409	38	\$ 2,699,895	24
Financial assets at fair value through profit or loss - current (Note 7)	-	-	2,887	-
Financial assets at amortized cost - current (Notes 8 and 25)	969,627	6	1,833,109	16
Trade receivables (Note 9)	2,252,128	14	1,832,688	16
Other receivables	66,641	-	59,044	1
Other receivables from related parties (Note 24)	-	-	49,842	1
Inventories (Note 10)	2,704,909	17	1,941,829	17
Other current assets	172,634	1	141,152	1
Total current assets	12,372,348	76	8,560,446	76
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 11)	-	-	-	-
Property, plant and equipment (Note 13)	3,072,060	19	1,949,079	17
Right-of-use assets (Note 14)	591,185	4	599,675	5
Deferred tax assets (Note 20)	101,964	1	37,266	1
Refundable deposits	14,890	-	17,985	-
Other non-current assets	63,816	-	86,536	1
Total non-current assets	3,843,915	24	2,690,541	24
<b>TOTAL</b>	<b>\$ 16,216,263</b>	<b>100</b>	<b>\$ 11,250,987</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 15 and 25)	\$ 4,850,898	30	\$ 2,132,450	19
Trade payables	661,690	4	609,381	5
Other payables (Note 16)	747,829	5	657,641	6
Current tax liabilities (Note 20)	368,493	2	156,127	1
Lease liabilities - current (Note 14)	43,859	-	70,830	1
Current portion of long-term borrowings (Note 15)	22,353	-	-	-
Endorsement and guarantee liabilities (Note 12)	-	-	138,450	1
Other current liabilities	429,974	3	324,470	3
Total current liabilities	7,125,096	44	4,089,349	36
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 15)	55,883	-	40,606	-
Deferred tax liabilities (Note 20)	518,691	3	486,246	4
Lease liabilities - non-current (Note 14)	276,686	2	288,570	3
Guarantee deposits	62,390	1	276,140	3
Other non-current liabilities	54,777	-	80,247	1
Total non-current liabilities	968,427	6	1,171,809	11
Total liabilities	8,093,523	50	5,261,158	47
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Capital stock	908,200	6	908,200	8
Capital surplus	1,639,532	10	1,639,532	15
Retained earnings				
Legal reserve	803,434	5	720,269	6
Special reserve	619,193	4	562,808	5
Unappropriated earnings	4,019,709	24	2,444,114	22
Other equity				
Exchange differences on translation of the financial statement of foreign operations	(320,291)	(2)	(609,193)	(6)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-
Total equity attributable to owners of the Company	7,659,777	47	5,655,730	50
<b>NON-CONTROLLING INTERESTS</b>	462,963	3	334,099	3
Total equity	8,122,740	50	5,989,829	53
<b>TOTAL</b>	<b>\$ 16,216,263</b>	<b>100</b>	<b>\$ 11,250,987</b>	<b>100</b>

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

## TOPKEY 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)

	2022		2021	
	Amount	%	Amount	%
NET REVENUE	\$ 10,965,309	100	\$ 8,691,928	100
COST OF GOODS SOLD (Notes 10 and 19)	<u>7,083,503</u>	<u>65</u>	<u>6,037,246</u>	<u>69</u>
GROSS PROFIT	<u>3,881,806</u>	<u>35</u>	<u>2,654,682</u>	<u>31</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 19)	234,743	2	244,048	3
General and administrative expenses (Note 19)	698,243	6	627,863	7
Research and development expenses (Note 19)	402,684	4	342,155	4
Expected credit loss (Note 9)	<u>4,664</u>	<u>-</u>	<u>2,091</u>	<u>-</u>
Total operating expenses	<u>1,340,334</u>	<u>12</u>	<u>1,216,157</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>2,541,472</u>	<u>23</u>	<u>1,438,525</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	106,753	1	21,050	-
Government grants income	64,341	-	60,226	1
Other gains	86,837	1	84,590	1
Finance costs (Note 19)	(104,257)	(1)	(26,336)	-
Gain on disposal of subsidiaries (Note 12)	-	-	294,336	3
Net foreign exchange gain (loss)	519,323	5	(31,321)	(1)
Loss on endorsement and guarantee (Note 12)	-	-	(278,258)	(3)
Other losses	(3,626)	-	(7,083)	-
Gain (loss) on disposal of property, plant and equipment	(1,422)	-	5,683	-
Net gain on financial assets at fair value through profit or loss	(2,944)	-	13,994	-
Impairment loss (Note 13)	<u>(45,272)</u>	<u>-</u>	<u>(112,292)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>619,733</u>	<u>6</u>	<u>24,589</u>	<u>-</u>
INCOME BEFORE INCOME TAX	3,161,205	29	1,463,114	17
INCOME TAX EXPENSE (Note 20)	<u>739,194</u>	<u>7</u>	<u>532,477</u>	<u>6</u>
NET INCOME	<u>2,422,011</u>	<u>22</u>	<u>930,637</u>	<u>11</u>

(Continued)

# TOPKEY 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)

	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 235,106	2	\$ (73,380)	(1)
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>60,810</u>	<u>1</u>	<u>14,096</u>	<u>-</u>
	<u>295,916</u>	<u>3</u>	<u>(59,284)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 2,717,927</u>	<u>25</u>	<u>\$ 871,353</u>	<u>10</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 2,260,065	21	\$ 831,647	10
Non-controlling interests	<u>161,946</u>	<u>1</u>	<u>98,990</u>	<u>1</u>
	<u>\$ 2,422,011</u>	<u>22</u>	<u>\$ 930,637</u>	<u>11</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 2,548,967	23	\$ 775,262	9
Non-controlling interests	<u>168,960</u>	<u>2</u>	<u>96,091</u>	<u>1</u>
	<u>\$ 2,717,927</u>	<u>25</u>	<u>\$ 871,353</u>	<u>10</u>
<b>EARNINGS PER SHARE (Note 21)</b>				
Basic	<u>\$ 24.89</u>		<u>\$ 9.16</u>	
Diluted	<u>\$ 24.71</u>		<u>\$ 9.12</u>	

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

**TOPKEY 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 Owner of the Company					Other Equity		Total	Non-controlling Interests (Note 12)	Total Equity
	Common Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Note 18)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 908,200	\$ 1,639,532	\$ 652,367	\$ 498,508	\$ 2,198,769	\$ (552,808)	\$ (10,000)	\$ 5,334,568	\$ 255,516	\$ 5,590,084
Appropriation of 2020 earnings										
Legal reserve	-	-	67,902	-	(67,902)	-	-	-	-	-
Special reserve	-	-	-	64,300	(64,300)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(454,100)	-	-	(454,100)	-	(454,100)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(17,508)	(17,508)
	-	-	67,902	64,300	(586,302)	-	-	(454,100)	(17,508)	(471,608)
Net profit for the year ended December 31, 2021	-	-	-	-	831,647	-	-	831,647	98,990	930,637
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(56,385)	-	(56,385)	(2,899)	(59,284)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	831,647	(56,385)	-	775,262	96,091	871,353
BALANCE AT DECEMBER 31, 2021	908,200	1,639,532	720,269	562,808	2,444,114	(609,193)	(10,000)	5,655,730	334,099	5,989,829
Appropriation of 2021 earnings										
Legal reserve	-	-	83,165	-	(83,165)	-	-	-	-	-
Special reserve	-	-	-	56,385	(56,385)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(544,920)	-	-	(544,920)	-	(544,920)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(40,096)	(40,096)
	-	-	83,165	56,385	(684,470)	-	-	(544,920)	(40,096)	(585,016)
Net profit for the year ended December 31, 2022	-	-	-	-	2,260,065	-	-	2,260,065	161,946	2,422,011
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	288,902	-	288,902	7,014	295,916
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,260,065	288,902	-	2,548,967	168,960	2,717,927
BALANCE AT DECEMBER 31, 2022	\$ 908,200	\$ 1,639,532	\$ 803,434	\$ 619,193	\$ 4,019,709	\$ (320,291)	\$ (10,000)	\$ 7,659,777	\$ 462,963	\$ 8,122,740

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

# TOPKEY CORPORATION AND SUBSIDIARIES

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,161,205	\$ 1,463,114
Adjustments for:		
Depreciation expenses	408,746	424,182
Amortization expense	-	11,332
Expected credit loss	4,664	2,091
Net gain on financial assets at fair value through profit or loss	2,948	(13,994)
Finance costs	104,257	26,336
Interest income	(106,753)	(21,050)
Loss (gain) on disposal of property, plant and equipment	1,422	(5,683)
Gain on disposal of subsidiaries	-	(294,336)
Property, plant and equipment impairment loss	45,272	112,292
Write-downs (reversal) of inventories	(9,126)	23,554
Loss on foreign currency exchange	45,931	10,414
Amortization of prepayments	47,982	44,816
Loss on endorsement and guarantee	-	278,258
Gain on lease modification	(20,391)	(114)
Changes in operating assets and liabilities:		
Trade receivables	(467,983)	(327,042)
Other receivables	(14,317)	(10,437)
Inventories	(729,324)	(500,594)
Other current assets	(70,645)	(58,917)
Trade payables	83,106	21,400
Other payables	83,194	80,009
Other current liabilities	103,666	(27,093)
Other non-current liabilities	(25,470)	37,660
Cash generated from operations	2,648,384	1,276,198
Interest received	112,462	20,920
Interest paid	(103,919)	(26,136)
Income tax paid	(498,404)	(293,303)
Net cash generated from operating activities	<u>2,158,523</u>	<u>977,679</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(1,147,096)	(965,166)
Proceeds from disposal of financial assets at amortized cost	2,014,430	670,143
Acquisition of financial assets at fair value through profit or loss	-	(1,043,002)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,272,067
Net cash outflow on disposal of subsidiaries	-	(35,147)
Acquisition of property, plant and equipment	(1,411,071)	(549,082)
Proceeds from disposal of property, plant and equipment	1,178	10,343
Decrease (increase) in refundable deposits	3,519	(461)
Decrease (increase) in other receivables from related parties	49,842	(100)
Increase in other non-current assets	(6,642)	(4,578)

(Continued)

# TOPKEY CORPORATION AND SUBSIDIARIES

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

	2022	2021
Increase in prepayments for equipment	\$ (21,092)	\$ (44,566)
Net cash used in investing activities	<u>(516,932)</u>	<u>(689,549)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	5,713,455	3,008,307
Repayments of short-term borrowings	(3,005,240)	(2,775,789)
Proceeds from long-term borrowings	40,187	41,095
Repayments of long-term borrowings	(5,200)	-
Increase (decrease) in guarantee deposits	(216,498)	276,140
Repayments of the principal portion of lease liabilities	(48,595)	(57,743)
Cash dividends distributed to owners of the Company	(544,920)	(454,100)
Cash dividends distributed to non-controlling interests	(40,096)	(17,508)
Repayments of endorsement and guarantee liabilities	<u>(138,450)</u>	<u>(139,808)</u>
Net cash generated from (used in) financing activities	<u>1,754,643</u>	<u>(119,406)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS</b>	<u>110,280</u>	<u>(57,499)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,506,514	111,225
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,699,895</u>	<u>2,588,670</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 6,206,409</u>	<u>\$ 2,699,895</u>

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Topkey Corporation

### **Opinion**

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

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit 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, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### Revenue Recognition

The Company's sales revenue mainly comes from the manufacture and sale of sporting goods, carbon fiber products, glass fiber products, and composite materials. A significant portion of export sales to customers increased significantly has a material impact on the financial statements. Therefore, we identified recognition authenticity of sales revenue as a key audit matter. For the accounting policies on the recognition of sales revenue, refer to Note 4.

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood and evaluated the design and appropriateness of implementation of the internal controls related to the recognition of sales revenue, and tested the continuous effectiveness of its controls during the year.
2. We selected samples of the sales revenue receipts and vouched the documents to sales order, delivery of goods and receipt vouchers related to sales revenue and verified the occurrence 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 the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2023

Notice to Readers

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

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

# TOPKEY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,233,774	17	\$ 1,655,745	15
Financial assets at amortized cost - current (Notes 7 and 24)	797,419	6	1,607,281	15
Trade receivables (Note 8)	1,821,754	14	1,082,314	10
Trade receivables from related parties (Note 23)	179,816	2	210,264	2
Other receivables (Note 8)	29,672	-	21,747	-
Other receivables from related parties (Note 23)	2,062	-	51,894	-
Inventories (Note 9)	995,132	8	786,251	7
Other current assets	96,769	1	79,450	1
Total current assets	<u>6,156,398</u>	<u>48</u>	<u>5,494,946</u>	<u>50</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 10)	-	-	-	-
Investments accounted for using the equity method (Note 11)	5,207,584	40	4,866,209	44
Property, plant and equipment (Note 12)	1,134,724	9	283,115	3
Right-of-use assets (Note 13)	251,999	2	263,559	3
Deferred tax assets (Note 19)	101,964	1	37,266	-
Refundable deposits	9,425	-	8,700	-
Other non-current assets	32,981	-	38,723	-
Total non-current assets	<u>6,738,677</u>	<u>52</u>	<u>5,497,572</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 12,895,075</u>	<u>100</u>	<u>\$ 10,992,518</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 14)	\$ 1,556,000	12	\$ 1,994,000	18
Trade payables	175,514	1	182,844	2
Trade payables to related parties (Note 23)	1,646,105	13	1,214,781	11
Other payables (Note 15)	240,260	2	234,230	2
Other payables to related parties (Note 23)	7,926	-	18,988	-
Current tax liabilities (Note 19)	342,274	3	143,674	2
Lease liabilities - current (Note 13)	28,216	-	31,858	-
Endorsement and guarantee liabilities (Note 11)	-	-	138,450	1
Other current liabilities	373,377	3	298,829	3
Total current liabilities	<u>4,369,672</u>	<u>34</u>	<u>4,257,654</u>	<u>39</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 19)	518,691	4	486,246	4
Lease liabilities - non-current (Note 13)	229,988	2	236,501	2
Guarantee deposits	62,170	1	276,140	3
Other non-current liabilities	54,777	-	80,247	1
Total non-current liabilities	<u>865,626</u>	<u>7</u>	<u>1,079,134</u>	<u>10</u>
Total liabilities	<u>5,235,298</u>	<u>41</u>	<u>5,336,788</u>	<u>49</u>
<b>EQUITY</b>				
Capital stock	908,200	7	908,200	8
Capital surplus	1,639,532	13	1,639,532	15
Retained earnings				
Legal reserve	803,434	6	720,269	7
Special reserve	619,193	5	562,808	5
Unappropriated earnings	4,019,709	31	2,444,114	22
Other equity				
Exchange differences on translation of the financial statement of foreign operations	(320,291)	(3)	(609,193)	(6)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-
Total equity	<u>7,659,777</u>	<u>59</u>	<u>5,655,730</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 12,895,075</u>	<u>100</u>	<u>\$ 10,992,518</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated March 9, 2023)

## TOPKEY CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Note 23)	\$ 8,245,125	100	\$ 5,862,658	100
COST OF GOODS SOLD (Notes 9, 18 and 23)	<u>6,418,393</u>	<u>78</u>	<u>4,744,478</u>	<u>81</u>
GROSS PROFIT	1,826,732	22	1,118,180	19
UNREALIZED LOSS (GAIN) ON TRANSACTIONS WITH SUBSIDIARIES	<u>(3,857)</u>	<u>-</u>	<u>81</u>	<u>-</u>
GROSS PROFIT	<u>1,822,875</u>	<u>22</u>	<u>1,118,261</u>	<u>19</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 18)	93,296	1	106,995	2
General and administrative expenses (Note 18)	328,077	4	321,027	5
Research and development expenses (Note 18)	40,473	1	47,823	1
Expected credit loss (gain) (Note 8)	<u>4,664</u>	<u>-</u>	<u>(5,149)</u>	<u>-</u>
Total operating expenses	<u>466,510</u>	<u>6</u>	<u>470,696</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>1,356,365</u>	<u>16</u>	<u>647,565</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries (Note 11)	1,158,697	14	869,355	15
Interest income (Note 23)	55,024	1	2,670	-
Other gains	51,564	1	57,641	1
Finance costs (Note 18)	(26,349)	-	(14,623)	-
Loss on endorsement and guarantee (Note 11)	-	-	(278,258)	(5)
Other losses	(880)	-	(1,167)	-
Impairment loss (Note 18)	(45,272)	(1)	-	-
Net foreign exchange gain (loss)	<u>193,830</u>	<u>2</u>	<u>(30,075)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,386,614</u>	<u>17</u>	<u>605,543</u>	<u>10</u>
INCOME BEFORE INCOME TAX	2,742,979	33	1,253,108	21
INCOME TAX EXPENSE (Note 19)	<u>482,914</u>	<u>6</u>	<u>421,461</u>	<u>7</u>
NET INCOME	<u>2,260,065</u>	<u>27</u>	<u>831,647</u>	<u>14</u>

(Continued)

# TOPKEY CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 228,092	3	\$ (70,481)	(1)
Income tax relating to items that will be reclassified subsequently to profit or loss (Note 19)	<u>60,810</u>	<u>1</u>	<u>14,096</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>288,902</u>	<u>4</u>	<u>(56,385)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,548,967</u>	<u>31</u>	<u>\$ 775,262</u>	<u>13</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 24.89</u>		<u>\$ 9.16</u>	
Diluted	<u>\$ 24.71</u>		<u>\$ 9.12</u>	

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

**TOPKEY CORPORATION**

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

	Common Shares (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Other Equity		Total Equity
			Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 908,200	\$ 1,639,532	\$ 652,367	\$ 498,508	\$ 2,198,769	\$ (552,808)	\$ (10,000)	\$ 5,334,568
Appropriation of 2020 earnings								
Legal reserve	-	-	67,902	-	(67,902)	-	-	-
Special reserve	-	-	-	64,300	(64,300)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(454,100)	-	-	(454,100)
	-	-	67,902	64,300	(586,302)	-	-	(454,100)
Net profit for the year ended December 31, 2021	-	-	-	-	831,647	-	-	831,647
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(56,385)	-	(56,385)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	831,647	(56,385)	-	775,262
BALANCE AT DECEMBER 31, 2021	908,200	1,639,532	720,269	562,808	2,444,114	(609,193)	(10,000)	5,655,730
Appropriation of 2021 earnings								
Legal reserve	-	-	83,165	-	(83,165)	-	-	-
Special reserve	-	-	-	56,385	(56,385)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(544,920)	-	-	(544,920)
	-	-	83,165	56,385	(684,470)	-	-	(544,920)
Net profit for the year ended December 31, 2022	-	-	-	-	2,260,065	-	-	2,260,065
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	288,902	-	288,902
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,260,065	288,902	-	2,548,967
BALANCE AT DECEMBER 31, 2022	\$ 908,200	\$ 1,639,532	\$ 803,434	\$ 619,193	\$ 4,019,709	\$ (320,291)	\$ (10,000)	\$ 7,659,777

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

# TOPKEY CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,742,979	\$ 1,253,108
Adjustments for:		
Depreciation expenses	74,601	67,982
Expected credit loss (gain)	4,664	(5,149)
Finance costs	26,349	14,623
Interest income	(55,024)	(2,670)
Share of profit of subsidiaries	(1,158,697)	(869,355)
Loss on disposal of property, plant and equipment	245	-
Property, plants and equipment impairment loss	45,272	-
Write-downs of inventories	10,705	3,178
Unrealized loss (gain) on the transactions with subsidiaries	3,857	(81)
Loss (gain) on foreign currency exchange	(1,365)	982
Amortization of prepayments	2,824	3,473
Loss on endorsement and guarantee	-	278,258
Gain on lease modification	(287)	(4)
Changes in operating assets and liabilities:		
Trade receivables	(734,403)	(178,265)
Other receivables	(4,443)	(57,500)
Inventories	(219,586)	(457,836)
Other current assets	(19,445)	(36,228)
Trade payables	450,445	335,140
Other payables	9,336	45,298
Other current liabilities	74,548	(30,908)
Other non-current liabilities	(25,470)	37,661
Cash generated from operations	1,227,105	401,707
Interest received	50,049	2,541
Interest paid	(26,114)	(14,136)
Income tax paid	(255,757)	(148,512)
Net cash generated from operating activities	<u>995,283</u>	<u>241,600</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(954,247)	(454,690)
Proceeds from disposal of financial assets at amortized cost	1,764,109	41,407
Acquisition of property, plant and equipment	(933,470)	(5,831)
Proceeds from disposal of property, plant and equipment	338	-
Decrease (increase) in refundable deposits	(725)	950
Decrease in other receivables from related parties	49,842	73,830
Increase in other non-current assets	(223)	(146)
Increase in prepayments for equipment	(17,423)	(21,016)
Dividends received	1,041,557	1,081,179
Net cash generated from investing activities	<u>949,758</u>	<u>715,683</u>

(Continued)

# TOPKEY CORPORATION

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

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 2,337,000	\$ 2,644,000
Repayments of short-term borrowings	(2,775,000)	(2,343,000)
Increase (decrease) in guarantee deposits	(216,720)	276,140
Repayments of the principal portion of lease liabilities	(28,922)	(28,044)
Cash dividends distributed to owners of the Company	(544,920)	(454,100)
Repayments of endorsement and guarantee liabilities	<u>(138,450)</u>	<u>(139,808)</u>
Net cash used in financing activities	<u>(1,367,012)</u>	<u>(44,812)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	578,029	912,471
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,655,745</u>	<u>743,274</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,233,774</u>	<u>\$ 1,655,745</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

## 6. Cross Reference Table of the Company’s “Rules of Procedures for Acquisition or Disposal of Assets”

Name: T-CI-02-XX01 Rules of Procedures for Acquisition or Disposal of Assets

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
2.1.1.	2.1.1.	<p>The acquisition or disposal of the Company’s assets shall be handed pursuant to the following amount limitations and procedures: 1 – 2 omitted. 3. Acquisition or disposal of real property <u>or right-of-use assets of real property for non-business use</u> shall be handled only before submitted to the Board of Directors meeting for discussion and approval. <u>In terms of acquisition or disposal of right-of-use of real property for business use in the transaction amount of NT\$10,000,000 (exclusive) or less, approval shall be obtained subject to the internal approval authority of the Company; if the transaction amount is NT\$50,000,000 (exclusive), the matter shall be approved by the chairman with a report made to the Board of Directors for reference afterwards; if the transaction amount is more than NT\$50,000,000 (inclusive), the matter shall be submitted to the Board of Directors meeting for discussion and approval before it can be carried out.</u></p> <p>The content of the following articles is omitted.</p>	<p>The acquisition or disposal of the Company’s assets shall be handed pursuant to the following amount limitations and procedures: 1 – 2 omitted. 3. Acquisition or disposal of real property <del>or its right-of-use assets</del> shall be handled only before submitted to the Board of Directors meeting for discussion and approval.</p> <p>The content of the following articles is omitted.</p>	<p>Distinguish the management and control of amount limits for acquisition or disposal of “real property” and “right-of-use assets of real property”, which shall be reported to the Board of Directors meeting, in order to achieve effective management and implementation.</p>
2.3.1.	2.3.1	<p>1. Securities The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where</p>	<p>1. Securities The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <del>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of</del></p>	<p>1. The amendment of related articles is handled in accordance with Letter with reference to File of Tai-cheng-shang-i-tzu No. 1110002112 on February 7, 2022. 2. In view of the fact that the article has been amended by appending that external experts shall comply with the self-regulatory regulations of their trade associations when issuing opinions, and that the amendment has covered the procedures to be carried out by CPA when issuing opinions, the text of “the CPA shall do so in accordance with the provisions of Statement of</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).</p> <p>2. Real Property, Equipment or their Right-of-Use Assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the</p>	<p><del>Statement of Auditing Standards No. 20 published by the ARDF.</del> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).</p> <p>2. Real Property, Equipment or their Right-of-Use Assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal—in accordance with the provisions of <del>Statement of Auditing Standards</del></p>	<p>Auditing Standards No. 20 published by the ARDF" is hereby deleted.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>3. Memberships or Intangible Assets, or their Right-of-Use Assets Where the Company acquires or disposes of memberships, intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>The content of the following articles is omitted.</p>	<p><del>No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</del></p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>3. Memberships or Intangible Assets, or their Right-of-Use Assets Where the Company acquires or disposes of memberships, intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <del>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p> <p>The content of the following articles is omitted.</p>	
2.3.2.	2.3.2.	<p>Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall meet the following requirements:</p> <p>1. May not have previously received a final and un-appealable sentence to imprisonment for 1 year</p>	<p>Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall meet the following requirements:</p> <p>1. May not have previously received a final and un-appealable sentence to imprisonment for 1 year</p>	<p>1. The amendment of related articles is handled in accordance with Letter with reference to File of Tai-cheng-shang-i-tzu No. 1110002112 on February 7, 2022.</p> <p>2. In view of the fact that the external experts' trade associations have set forth</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory regulations and</u> the following:</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) The declaration matters shall include such items, to the effect that the related personnel have professionalism and independence, and that the information in use has been evaluated to be reasonable and in compliance with the relevant statutory regulations, etc.</p> <p>Where the Company acquires or</p>	<p>or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When <del>examining</del> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the <del>comprehensiveness, accuracy, and</del> reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) The declaration matters shall include such items, to the effect that the related personnel have professionalism and independence, and that the information in use has been evaluated to be reasonable, <del>accurate</del> and in compliance with the relevant statutory regulations, etc.</p>	<p>relevant regulations in terms of related business they undertake, the preface in the second paragraph is hereby amended.</p> <p>3. In view of the fact that the foregoing external experts' undertaking and execution of cases for issuing appraisal reports or opinions of reasonableness does not refer to audit task of financial report, the text of "examine" case in Subparagraph 2 of Paragraph 2 is hereby amended as "execute" case.</p> <p>4. In view of actual evaluation of external experts in terms of the sources of data used, the parameters, and the information, the text in Subparagraphs 3 and 4 of Paragraph 2 is hereby amended in order to meet reality.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	
2.5.1.	2.5.1.	<p>The content of the articles above is omitted.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds or <u>foreign government bonds of rating no less than our sovereign credit rating.</u></p> <p>(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u> or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>The content of the articles above is omitted.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>1. The amendment of related articles is handled in accordance with Letter with reference to File of Tai-cheng-shang-i-tzu No. 1110002112 on February 7, 2022.</p> <p>2. In view of the fact that the current trading of domestic government bonds by public companies is exempted from announcement and reporting, the text of Paragraph 1 of Article 6 is hereby amended to relax the regulation, to the effect that trading and issuing of foreign government bonds of rating no less than our sovereign credit rating shall be also exempted from announcement and reporting.</p> <p>3. In view of that fact that commodity of foreign government bonds is of pure nature with better credit than foreign ordinary corporate bonds, Paragraph 2 of Article 6 is hereby amended to relax the regulation, to the effect that investment in a professional capacity in subscription of foreign government bonds in the primary market shall also be exempted from announcement and reporting.</p>
2.8.2.	2.8.2.	When the Company acquires or disposes of real estate or right-of-use assets thereof from a Related Party or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or	When the Company acquires or disposes of real estate or right-of-use assets thereof from a Related Party or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or	<p>1. The amendment of related articles is handled in accordance with Letter with reference to File of Tai-cheng-shang-i-tzu No. 1110002112 on February 7, 2022.</p> <p>2. The second paragraph of the current article is</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>more of the Company's total assets, or NT\$300 million or more, except for trading Taiwan government bonds or bonds under repurchase/resale agreements and purchasing or repurchasing domestic money market funds issued by securities investment trust enterprise in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and approved by the Board of Directors.</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the property acquisition or disposal.</li> <li>2. The reason for choosing the Related Party as a trading counterparty.</li> <li>3. With respect to the acquisition of real estate or right-of-use assets thereof from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 2.8.3 and 2.8.5.</li> <li>4. The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the regulations.</li> <li>7. Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may delegate the president to decide such matters when the transaction is within a certain</p>	<p>more of the Company's total assets, or NT\$300 million or more, except for trading Taiwan government bonds or bonds under repurchase/resale agreements and purchasing or repurchasing domestic money market funds issued by securities investment trust enterprise in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and approved by the Board of Directors.</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the property acquisition or disposal.</li> <li>2. The reason for choosing the Related Party as a trading counterparty.</li> <li>3. With respect to the acquisition of real estate or right-of-use assets thereof from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 2.8.3 and 2.8.5.</li> <li>4. The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the regulations.</li> <li>7. Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>The calculation of the preceding transaction amount shall comply with Article 2.5.2 of these rules.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the</p>	<p>changed to be the sixth paragraph of the amended article, and in keeping with addition of the fifth paragraph, the amendment is made by including transactions submitted to and approved by the shareholders' meeting into calculation of transaction amounts.</p> <p>3. Append the fifth paragraph: refers to the regulation that in order to strengthen management of related party transaction, and protect the a minority of shareholders' rights to express their opinions in the company's transaction with related parties, and that transactions with material related parties shall be submitted to and approved by the shareholders' meeting in advance.</p> <p>4. In view of the overall business planning of the public companies and its parent company and subsidiaries, or among its subsidiaries, it is hereby relaxed in the proviso that the transactions between the said companies are exempted from submitting to the shareholders' meeting for resolution.</p> <p>5. The article of "The Board of Directors authorizes the chairman to determine in advance the matter within a certain amount limit." is wrongly cited, and it is amended to be "in accordance with the provisions of Article 2.1.1. (amount limitations under authority delegated and levels to which authority is delegated, etc.)"</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>amount, as stipulated in Article 2.1.1, and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where the position of independent director has been created in accordance with the Securities and Exchange Act, when the procedures are submitted to the Board of Directors for discussion in accordance with the provisions, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p><u>Where an audit committee has been established in accordance with the regulations of the Securities and Exchange Act, the preceding provisions shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution.</u></p> <p><u>If the Company or its subsidiaries which are not domestic public companies involve the transactions in the first paragraph in the transaction amount reaching 10% or more of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the shareholders' meeting for approval. However, this provision is not applicable to the transactions of the Company with its subsidiaries or among its subsidiaries.</u></p> <p>The calculation of the preceding transaction amount shall comply with Article 2.5.2 of these rules.</p> <p><u>"within the preceding year" refers to the year preceding the date of occurrence of this transaction. Items which have been submitted to the shareholders' meeting, the</u></p>	<p>issued shares or authorized capital, the Company's Board of Directors may delegate the president to decide such matters when the transaction is within a certain amount, as stipulated in Article 2.2.1, and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where the position of independent director has been created in accordance with the Securities and Exchange Act, when the procedures are submitted to the Board of Directors for discussion in accordance with the provisions, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>This paragraph is newly appended.</p>	

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<u>Board of Directors and the Audit Committee in accordance with the regulations need not be further counted.</u>		
3.2.	3.2.	Announced Date of Implementation and Date of Amendment. These Rules of Procedures shall take effect after announcement on June 15, 2010. The 1 <sup>st</sup> amendment was made on June 12, 2012. The 2 <sup>nd</sup> amendment was made on June 10, 2014. The 3 <sup>rd</sup> amendment was made on May 31, 2016. The 4 <sup>th</sup> amendment was made on May 26, 2017. The 5 <sup>th</sup> amendment was made on May 28, 2019. <u>The 6<sup>th</sup> amendment was made on May 31, 2023.</u>	Announced Date of Implementation and Date of Amendment. These Rules of Procedures shall take effect after announcement on June 15, 2010. The 1 <sup>st</sup> amendment was made on June 12, 2012. The 2 <sup>nd</sup> amendment was made on June 10, 2014. The 3 <sup>rd</sup> amendment was made on May 31, 2016. The 4 <sup>th</sup> amendment was made on May 26, 2017. The 5 <sup>th</sup> amendment was made on May 28, 2019.	The article is amended to append the date of amendment.
Blank below				

## 7. Cross Reference Table of the Company's "Rules of Procedure for Shareholders' Meetings"

Name: T-CI-00-XX03 Rules of Procedure for Shareholders' Meetings

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
1.3.	1.3.	Responsible Unit <u>The financial headquarters is the management unit of these Rules.</u>	Responsible Unit <del>The Board of Directors' office of the Group</del> is the management unit of these Rules.	Amend the management unit in response to the organizational adjustment.
2.1.	2.1.	<p>Unless otherwise provided by law or regulation, the shareholders' meetings of the Company shall be convened by the Board of Directors.</p> <p><u>Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.</u></p> <p>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for adoption, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. <u>However, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting.</u> Before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and</p>	<p>Unless otherwise provided by law or regulation, the shareholders' meetings of the Company shall be convened by the Board of Directors.</p> <p><u>This paragraph is newly appended.</u></p> <p>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for adoption, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. Before 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 <del>and shall be distributed on the spot of the shareholders' meeting.</del></p>	<p>1. The second paragraph is appended in order for the shareholders to know the way of convening the shareholders' meeting changes.</p> <p>2. Pursuant to the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies", the third paragraph is hereby amended in order for the foreign and China shareholders to read the relevant information of the shareholders' meeting as soon as possible.</p> <p>3. In response to the availability for public companies to convene the shareholders' meeting in a virtual way and to facilitate shareholders, participating in either physical or virtual shareholders' meeting, to be able to refer to the agenda handbook of the shareholders' meeting and the supplementary information of the meeting on the meeting date, the fourth paragraph is hereby appended.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>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.</p> <p><u>The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:</u></p> <p><u>1. For physical shareholders' meetings, to be distributed on-site at the meeting.</u></p> <p><u>2. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p><u>3. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.</u></p> <p>The content of the following articles is omitted.</p>	<p><u>This paragraph is newly appended.</u></p> <p>The content of the following articles is omitted.</p>	
2.3.	2.3.	<p>For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p>	<p>For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel</p>	<p>If a shareholder appoints a proxy to attend a shareholders' meeting, and if the shareholder intends to attend the meeting by video conferencing after submitting the proxy form to the company, the shareholder shall provide a written notice of revocation of the proxy to the company at least two days prior to the meeting, and a new paragraph 4 shall be added accordingly.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at latest before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p> <p><u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>the previous proxy appointment.</p> <p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company at latest before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p> <p><u>This paragraph is newly appended.</u></p>	
2.4.	2.4.	<p>The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. <u>For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.</u></p> <p>Shareholders themselves or their authorized proxies (hereinafter referred to as shareholders) shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents</p>	<p>The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p><del>Shareholders themselves or their authorized proxies (hereinafter referred to as shareholders)</del> shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add</p>	<p>1. In keeping with the amendment of the abbreviated name of shareholders, the first and third paragraphs are hereby amended.</p> <p>2. In order to stipulate the time and procedure for shareholders' registration of attendance at the virtual shareholders' meeting, the second paragraph is hereby amended.</p> <p>3. The content of the original fifth paragraph is overlapped with partial content of the second paragraph, the former is hereby deleted.</p> <p>4. In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date, the seventh paragraph is hereby appended.</p> <p>5. In order to enable shareholders who attend a virtual shareholders' meeting, can read the meeting agenda handbook, annual report and other meeting materials, the</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders <del>themselves or their authorized proxies</del> (hereinafter referred to as shareholders) may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p><del>Shareholders shall attend shareholders' meetings based on attendance cards, sign in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.</del></p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>This paragraph is newly appended.</u></p>	<p>Company shall upload the same the virtual meeting platform, the eighth paragraph is hereby appended.</p>
2.5.		<p><u>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Actions to be taken if the virtual meeting platform or participation in</u></p>	<p><u>This article is newly appended.</u></p>	<p>In order for shareholders to know related rights and restrictions at the shareholders' meeting before the meeting date, the content of the notice for convening the shareholders' meeting is hereby expressly stipulated.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p><u>the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p><u>(2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.</u></p> <p><u>(3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</u></p> <p><u>(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.</u></p>		
2.6.	2.5.	<p>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; <u>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.</u></p>	<p>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.</p>	<p>1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.</p> <p>2. The second section of the first paragraph is re-appended in order to be consistent with the regulations of the publicly-announced version.</p> <p>3. The second</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.</u>	<u>This paragraph is newly appended.</u>	paragraph is appended to specify that the restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.
2.7. 2.10. 2.12. 2.13. 2.15. 2.18.	<del>2.6.</del> <del>2.9.</del> <del>2.11.</del> <del>2.12.</del> <del>2.14.</del> <del>2.16.</del>	The content of articles is omitted.	The content of articles is omitted.	In keeping with the amendment of articles for this time, the sequence of article number is adjusted.
2.8.	<del>2.7.</del>	<p>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting. In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>	<p>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>This paragraph is newly appended.</u></p>	<p>1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.</p> <p>2. By referring to Article 183 of the Company Act and Article 18 of the Rules of Procedure for Board of Directors Meetings of Public Companies, it is expressly stipulated that the Company shall keep records of the registration procedure of shareholder registration, sign-in and check-in, etc., and the information of results of votes counted by the Company and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</p>
2.9.	2.8.	Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated	Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated	1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p>according to the shares indicated by the attendance book and sign-in cards handed in. <u>In addition, the number of shares whose voting rights are exercised by correspondence of electronically, as adopted by the Company, shall be calculated altogether.</u></p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose relevant information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month; <u>in the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 2.4.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>according to the shares indicated by the attendance book and sign-in cards handed in.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose relevant information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>2. In order to expressly stipulate that when the company's shareholders' meeting is convened in a virtual way, the number of shares in attendance shall be calculated by adding the number of shares of shareholders who complete the registration at the virtual shareholders' meeting, the first paragraph is hereby amended.</p> <p>3. In the event that a virtual shareholders' meeting is convened, when the chair declares the meeting adjourned, the Company shall also declare the meeting adjourned at the virtual meeting platform in order to notify shareholders without delay. The third paragraph is hereby amended.</p> <p>4. In case the Company convenes a shareholders' meeting in terms of the tentative resolution, at which shareholders wish to attend online, they shall register with the Company. The fourth paragraph is hereby amended.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
2.11.	2.10.	<p>Paragraphs 1 to 6 are omitted.</p> <p>Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply. As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</p>	<p>Paragraphs 1 to 6 are omitted.</p> <p><u>This paragraph is newly appended.</u></p>	<ol style="list-style-type: none"> <li>1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.</li> <li>2. Paragraphs 1 to 6 are not amended.</li> <li>3. In order to expressly stipulate the question raising method, procedure and restrictions for those shareholders who wish to attend the shareholders' meeting online, the seventh paragraph is hereby appended.</li> <li>4. In order to facilitate shareholders to understand content of questions raised by shareholders, in addition to screening the questions irrelevant to each proposal of the shareholders' meeting, the Company shall disclose other questions raised by shareholders at the virtual meeting platform.</li> </ol>
2.14.	2.13.	<p>Paragraphs 1 to 3 are omitted.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person <u>or online</u>, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Paragraphs 5 to 8 are omitted.</p> <p><u>When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open,</u></p>	<p>Paragraphs 1 to 3 are omitted.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Paragraphs 5 to 8 are omitted.</p> <p><u>This paragraph is newly appended.</u></p>	<ol style="list-style-type: none"> <li>1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.</li> <li>2. Paragraphs 1 to 3 and Paragraphs 5 to 8 are not amended.</li> <li>3. In order to expressly stipulate that after a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting online instead, they shall first retract the voting rights by the same means by which the voting rights were exercised, the fourth paragraph is hereby amended.</li> <li>4. In the event the shareholders' meeting is convened online, in order to provide shareholders who attend the meeting online with more sufficient voting time, they can proceed with voting of each original proposal from the chair's</li> </ol>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p><u>shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 2.4 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		<p>calling the meeting to order to announcement of end of voting, and the votes shall be counted at once so as to be in line with the voting time of those virtually-attending shareholders. The ninth paragraph and the tenth paragraph are hereby appended.</p> <p>5. When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online, but decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online. The eleventh paragraph is hereby appended.</p> <p>6. When shareholders exercise voting rights by electronic means without the declaration of intent, they shall neither propose any amendments nor exercise voting rights on the original proposals. However, the said shareholders can still attend the shareholders' meeting on the meeting date, and propose extraordinary motions, and shall exercise voting rights on the spot. Furthermore, seeing that voting in writing and by electronic means are one of ways for shareholders to exercise rights, based on the fair treatment principle, voting in writing shall be the same as the regulations of voting by electronic means in order to protect shareholders' rights and interest. The twelfth</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
2.16.	2.15.	<p>Paragraphs 1 to 4 are omitted.</p> <p><u>Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online.</u></p>	<p>Paragraphs 1 to 4 are omitted.</p> <p><u>This article is newly appended.</u></p>	<p>paragraph is hereby expressly stipulated.</p> <ol style="list-style-type: none"> <li>1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.</li> <li>2. Paragraphs one to the four are not amended.</li> <li>3. To facilitate shareholders' understanding of the results of a video conference, alternative measures for shareholders with digital discrepancies, and the handling methods and situations when disconnection occurs, the fifth paragraph is added.</li> <li>4. In order to facilitate shareholders to understand the convening results of the virtual shareholders' meeting, alternative measures available to shareholders with digital divide, handling method and conditions when disconnection occurs, it is hereby expressly stipulated that the alternative measures available to shareholder with such a digital divide shall be specified in the meeting minutes. The sixth paragraph is appended.</li> </ol>
2.17.		<p><u>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, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During the Company's virtual shareholders' meeting, when the</u></p>	<p><u>This article is newly appended.</u></p>	<ol style="list-style-type: none"> <li>1. In keeping with the amendment of articles for this time, the sequence of article number is adjusted.</li> <li>2. This article is re-appended in keeping with the amendment of articles for this time, so that they can be consistent with the regulations of the publicly-announced version.</li> <li>3. In order for shareholders to know the number of total shares represented by shareholders present at the meeting, the Company shall reveal it at the site of the shareholders' meeting. If a virtual shareholders' meeting is convened, it shall be uploaded to the virtual shareholders' meeting</li> </ol>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p><u>meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p><u>If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</u></p>		<p>platform. The first paragraph is hereby amended.</p> <p>4. In order for shareholders who participate in the virtual shareholders' meeting to synchronously know whether the number of total shares represented by attending shareholders meets the threshold for convening the shareholders' meeting, it is expressly stipulated that the Company shall disclose, when calling the meeting to order, the number of total shares represented by attending shareholders at the virtual shareholders' meeting platform. The second paragraph is hereby appended.</p>
2.19.		<p><u>In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>	<p><u>This article is newly appended.</u></p>	<p>In order to let shareholders who participate in the virtual shareholders' meeting know real-time results of votes of each proposal and election results, it is regulated to have sufficient information disclosure time. This article is hereby appended.</p>
2.20.		<p>When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location in Taiwan, and the chair shall declare the address of their location when the meeting is called to order.</p>	<p><u>This article is newly appended.</u></p>	<p>This article is appended when the shareholders' meeting is convened online without the venue of the physical shareholders' meeting.</p>
2.21.		<p><u>In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or</u></p>	<p><u>This article is newly appended.</u></p>	<p>1. In order to reduce communication problems at a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues. The first paragraph is hereby appended.</p> <p>2. In the event of a virtual shareholders' meeting, the chair shall announce at the meeting if disconnection occurs for consecutive 30 minutes or more due to</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p><u>participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a</u></p>		<p>natural disasters or other force majeure events, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply, to the effect that a resolution at the shareholders' meeting shall be adopted. The second paragraph is hereby appended.</p> <p>3. For a meeting to be postponed or resumed by the Company, as described in the second paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session. The third paragraph is hereby appended.</p> <p>When the Company convenes a hybrid shareholders' meeting, those shareholders, who are supposed to attend the physical shareholders' meeting, shall continue to attend the postponed or resumed session in a physical way.</p> <p>4. For a meeting to be postponed or resumed by the Company under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session. The</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		<p><u>meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under the second half of Article 12, and Paragraph 3, Article 13 of Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies, and Paragraph 2 of Article 44-5, Article 44-15, and Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.</u></p>		<p>fourth paragraph is hereby appended.</p> <p>5. For a shareholders' meeting to be postponed or resumed because the communication obstacles occur, a resolution shall be deemed to be concluded for proposals for which votes have been cast and counted and results have been announced, and no further discussion or resolution is required in order to reduce meeting time and cost for resuming the session. The fifth paragraph is hereby adopted.</p> <p>6. Seeing that in terms of a hybrid shareholders' meeting, both the physical shareholders' meeting and the virtual shareholders' meeting are called at the same time, when obstacles occur with the virtual meeting platform, the physical shareholders' meeting is still ongoing. In that case, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and not be postponed or resumed thereof under the second paragraph is required.</p> <p>7. Under the circumstances where a meeting should continue as in the second paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
				<p>on meeting agenda of that shareholders' meeting. The seventh paragraph is hereby appended.</p> <p>8. In view of the fact that the meeting session postponed or resumed due to the above-mentioned disconnection is substantially identical to the physical shareholders' meeting, relevant preparatory work is not required to be re-handled for the shareholders' meeting. The eighth paragraph is hereby appended.</p> <p>9. In view of the fact that when the virtual shareholders' meeting has been postponed, matters for public disclosure on the date of the shareholders' meeting shall still be disclosed to shareholders at the postponed or resumed meeting. The ninth paragraph is hereby appended.</p>
2.22.		<p><u>When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</u></p>	<p><u>This article is newly appended.</u></p>	<p>When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online in consideration of digital divide, such as exercise of voting rights in writing or leasing equipment, required for participating in the meeting to shareholders, etc.</p>
3.2.	3.2.	<p>Announced Date of Implementation and Date of Amendment.  These Rules of Procedure shall take effect after announcement on June 15, 2010.  The 1<sup>st</sup> amendment was made on May 16, 2011.  The 2<sup>nd</sup> amendment was made on October 25, 2011.  The 3<sup>rd</sup> amendment was made on June 12, 2012.  The 4<sup>th</sup> amendment was made on</p>	<p>Announced Date of Implementation and Date of Amendment.  These Rules of Procedure shall take effect after announcement on June 15, 2010.  The 1<sup>st</sup> amendment was made on May 16, 2011.  The 2<sup>nd</sup> amendment was made on October 25, 2011.  The 3<sup>rd</sup> amendment was made on June 12, 2012.  The 4<sup>th</sup> amendment was made on</p>	<p>As the article is amended, the date of amendment is appended.</p>

Amended Article No.	Current Article No.	Amended Article	Current Article	Explanation on Amendment
		June 10, 2013. The 5 <sup>th</sup> amendment was made on May 27, 2015. The 6 <sup>th</sup> amendment was made on May 31, 2016. The 7 <sup>th</sup> amendment was made on May 27, 2020. The 8 <sup>th</sup> amendment was made on July 29, 2021. <u>The 9<sup>th</sup> amendment was made on May 31, 2023.</u>	June 10, 2013. The 5 <sup>th</sup> amendment was made on May 27, 2015. The 6 <sup>th</sup> amendment was made on May 31, 2016. The 7 <sup>th</sup> amendment was made on May 27, 2020. The 8 <sup>th</sup> amendment was made on July 29, 2021.	
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## IV. Appendices

### 1. The Company's "Rules of Procedure for Board of Directors Meetings" before Amendment

1. General Provisions
  - 1.1. Purpose of Adoption  
To establish a strong governance system and sound supervisory capabilities for the Company's Board of Directors, and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".
  - 1.2. Scope of Application  
In terms of the Company's rules of procedure for Board of Directors meetings, the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.
  - 1.3. Responsible Unit  
The Board of Directors' office of the Group is the management unit of these rules.
  - 1.4. Definition of Terms  
None
2. Topic Content
  - 2.1. The Company's Board of Directors shall meet quarterly.  
The reasons for calling a Board of Directors meeting shall be notified to each director seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.  
The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.  
All matters set out in each subparagraph of Paragraph 1 of Article 2.5 in these Rules shall be specified in the notice of the reasons for calling a Board of Directors meeting; none of them may be raised by an extraordinary motion, except occurrence of emergence of legitimate reasons.
  - 2.2. The Company's Board of Directors meeting shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such a meeting.
  - 2.3. The Board of Directors of the Company shall appoint the board's office of the Group to work on the related agenda affairs.  
The agenda working group shall prepare agenda items for Board of Directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.  
A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.
  - 2.4. Agenda items for regular Board of Directors meetings shall include at least the following:
    1. Reports:
      - (1) Minutes of the last meeting and actions arising.
      - (2) Reporting on important financial and business matters.
      - (3) Reporting on internal audit activities.
      - (4) Other important matters to be reported.
    2. Discussions:
      - (1) Items discussed and continued from the last meeting.
      - (2) Items for discussion at this meeting.
    3. Extraordinary motions.
  - 2.5. The following items should be submitted to the Company's Board of Directors for discussion:
    1. Corporate business plan.
    2. Annual financial reports and the Q2 financial statements, which need be audited and attested by CPAs.
    3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
    4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
    5. The offering, issuance, or private placement of any equity-type securities.
    6. The appointment or discharge of a financial, accounting, or internal audit officer.

7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in this paragraph shall be calculated instead as 2.5 percent of shareholder equity.)

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

- 2.6. When a meeting of the Board of Directors of the Company is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the Company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting. A proxy may accept a proxy from one person only.

- 2.7. Where a meeting of the Board of Directors of the Company is called by the chairman of the board, the meeting shall be chaired by the chairman. However, where the first meeting of each newly elected Board of Directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a meeting of the Board of Directors is called by a majority of directors on their own initiative in accordance with Paragraph 4, Article 203 or Paragraph 3, Article of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairman of the board is on leave or for any reason is unable to exercise the powers of the chairman, the vice chairman shall do so in place of the chairman, or, if there is no vice chairman or the vice chairman also is on leave or for any reason is unable to act, by a director designated by the chairman, or if the chairman does not make such a designation, by a director elected by and from among themselves.

- 2.8. When holding a meeting of the Board of Directors, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants. When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

- 2.9. When the time of a meeting has arrived and one half all board directors are present, the meeting chair shall immediately call the meeting to order. When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Paragraph 2 of Article 2.1.

The term "all board directors" as used in the preceding paragraph and in Subparagraph 2, Paragraph 2 of Article 2.14 shall be calculated as the number of directors then in office.

- 2.10. A Board of Directors meeting of the Company 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 declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding 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 meeting, in which case Paragraph 1 of Article 2.9 shall apply mutatis mutandis.

- 2.11.** When the chair at a Board of Directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a Board of Directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. If an objection is made in that regard, the matter shall be immediately brought for voting.

The voting method shall be by a show of hands.

"All directors present at the meeting" in Paragraph 2 does not include directors prohibited from exercising voting rights pursuant to Paragraph 1 of Article 2.13.

- 2.12.** Except as otherwise stated in the Securities and Exchange Act or in the Company Act, a resolution on a matter at a Board of Directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

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

The voting results shall be reported on-site with records taken.

- 2.13.** If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item, such director shall be deemed to be an interested party with respect to that agenda item.

The provisions of Paragraph 2, Article 180 of the Company Act, as applied mutatis mutandis under Paragraph 4, Article 206 of that Act, apply to resolutions of Board of Directors meetings when a director is prohibited by the regulations from exercising voting rights.

- 2.14.** Minutes shall be prepared of the discussions at the Board of Directors meetings of the Company. The meeting minutes shall record the following:

1. Year, time, and place of meeting.
2. Name of the meeting chair.
3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Paragraph 4 of Article 2.5.
8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation Post System designated by the Financial Supervisory Commission:

1. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
2. Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.

The attendance book forms a part of the minutes for each Board of Directors meeting and shall be well preserved during the existence of the company.

The minutes of a Board of Directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting and well preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

- 2.15.** The company shall record on audio or video tape the entire proceedings of a Board of Directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a Board of Directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a Board of Directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

- 2.16.** Except the discussion matters that shall be proposed for discussion at the Company Board of Directors meetings, as referred to Article 2.5, the Board of Directors authorizes the chairman to exercise the duties and power of the Board of Directors in accordance with the laws or the Company's articles of incorporation. The content of authorization is as follows:

1. Depending on the company's operation capital, handle with full authority the loan limit, requirements and other relevant matters, depending on the company's operation capital, and report the implementation status thereof to the Board of Directors.
2. Depending the company's operation capital, carry out endorsement/guarantee matters subject to the amount limit as set forth in the procedures for making of endorsements/guarantees and proceed with transactions subject to the amount limit, as set out in the procedures for acquisition or disposal of assets, and report the implementation status to the Board of Directors.
3. Adjust the Company's organization and amend the organizational regulations.

**3.** Supplementary Provisions

**3.1.** Method and Procedure of Adoption, Amendment and Revocation.

The adoption and amendment of these Rules of Procedure shall be approved by the Board of Directors, and submitted to the shareholders' meeting for reporting.

**3.2.** Announced Date of Implementation and Date of Amendment.

These Rules of Procedure were adopted on December 1, 2009.

The first amendment was made on December 17, 2012.

The second amendment was made on December 24, 2015.

The third amendment was made on August 5, 2016.

The fourth amendment was made on November 10, 2017.

The fifth amendment was made on August 13, 2020.

**4.** Attachments and Generated Forms

None

## **2. The Company's "Rules of Procedures for Acquisition or Disposal of Assets" before Amendment**

### **1. General Provisions**

#### **1.1. Purpose of Adoption**

The Company's "Rules of Procedures for Acquisition or Disposal of Assets" (hereinafter referred to as "these Procedures") are adopted and implemented in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" (hereinafter referred to as "these Regulations").

#### **1.2. Scope of Application**

These Rules of Procedures shall apply to the acquisition or disposal of the following assets, unless otherwise provided in the laws and regulations.

1. Investments in securities (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities).
2. Real property and equipment.
3. Memberships.
4. Intangible assets (including patents, copyrights, trademarks, and franchise rights).
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other significant assets with a value of NT\$20,000,000 or more, or accounting for 2% or more of the Company's paid-in capital.

#### **1.3. Responsible Unit**

The financial headquarters is the management unit of these rules.

#### **1.4. Definition of Terms**

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property and other fixed assets.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities

business.

**2. Topic Content**

**2.1. Unit Responsible for Implementation, Amount Limitations under Authority Delegated and Levels to Which Authority is Delegated**

**2.1.1. The acquisition or disposal of the Company's assets shall be handed pursuant to the following amount limitations and procedures:**

1. In terms of acquisition or disposal of securities which are traded at the markets rather than securities exchange or over-the-counter venue in the transaction amount of NT\$60,000,000 (exclusive) or less, the unit responsible for implementation shall submit the matter to the chairman for approval and then handed over to the department concerned for implementation with a report made to the Board of Directors for reference afterward; if the transaction amount is more than NT\$60,000,000 (inclusive), the chairman shall submit the matter to the Board of Directors meeting for discussion and approval before it can be carried out.
2. In terms of acquisition or disposal of securities which are traded at the securities exchange or over-the-counter venue in the transaction amount of NT\$100,000,000 (exclusive) or less, the unit responsible for implementation shall submit the matter to the chairman for approval and then handed over to the department concerned for implementation with a report made to the Board of Directors for reference; if the transaction amount is more than NT\$100,000,000 (inclusive), the chairman shall submit the matter to the Board of Directors meeting for approval by discussion before it can be carried out.
3. Acquisition or disposal of real property or its right-of-use assets shall be handled only before submitted to the Board of Directors meeting for discussion and approval.
4. In terms of acquisition or disposal of other fixed assets or their right-of-use assets in the transaction amount of NT\$10,000,000 (exclusive) or less, approval shall be obtained subject to the internal approval authority of the Company; if the transaction amount is NT\$50,000,000 (exclusive), the matter shall be approved by the chairman with a report made to the Board of Directors for reference afterwards; if the transaction amount is more than NT\$50,000,000 (inclusive), the matter shall be submitted to the Board of Directors meeting for discussion and approval before it can be carried out.
5. In terms of acquisition or disposal of memberships and intangible assets or their right-of-use assets in the transaction amount of NT\$10,000,000 (exclusive) or less, the unit responsible for implementation shall submit the relevant information to the chairman for approval and then handed over to the department concerned for implementation with a report made to the Board of Directors for reference afterward; if the transaction amount is more than NT\$10,000,000 (inclusive), the matter shall be submitted to the Board of Directors meeting for discussion and approval before it can be carried out.
6. Acquisition or disposal of derivatives shall be handled in accordance with the related provisions of Article 2.9 of these Procedures.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law shall be handled in accordance with the related provisions of Article 2.10 of these Procedures.

**2.1.2. Where the Company has created the position of independent director in accordance with the Securities and Exchange Act, when the procedures for the transactions of acquisition or disposal of assets are submitted to the Board of Directors for discussion, pursuant to the provisions of Paragraphs 1 to 5 of Article 2.1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.**

**2.2. Means of Price Determination and Supporting Reference Materials**

**2.2.1. Means of price determination and supporting reference materials shall be subject to the individual assets. In principle, in case of having market price for reference, the market price will be the main supporting reference material. If none, the price will be determined by price competition, price negotiation or other reasonable means.**

1. In terms of securities trading in the TWSE or the TPEX (hereinafter referred to as TPEX), the price shall be determined, based on the current market price of securities.
2. For those securities which are acquired or disposed in the market rather than the TWSE or the TPEX, the price shall be negotiated by taking into consideration its net asset value per share, profitability, future development potential, and referring to the current trading price, or it shall be determined after referring to the current market interest rates, bond coupon rates and debt credits, etc.
3. The acquisition or disposal of real property shall refer to the assessed current value, the assessed value, and the actual transaction price of adjacent real properties to determine the price.
4. The acquisition or disposal of other fixed assets or their right-of-use assets should be carried out by one of price competition, price negotiation, tender or other means.

5. The acquisition or disposal of memberships or their right-of-use assets should be carried out by either price competition or price negotiation.
6. The acquisition or disposal of intangible assets or their right-of-use assets should be handled in accordance with relevant laws and regulations and the contractual provisions
7. The acquisition or disposal of derivatives shall be handled pursuant to the related provisions of Article 2.9 of these Procedures.
8. The acquisition or disposal of assets, acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law shall be handled pursuant to the related provisions of Article 2.10 of these Procedures.

### 2.3. Appraisal and Operating Procedures

#### 2.3.1. 1. Securities

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).

#### 2. Real Property, Equipment or their Right-of-Use Assets

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

#### 3. Memberships or Intangible Assets, or their Right-of-Use Assets

Where the Company acquires or disposes of memberships, intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

#### 4. Derivatives

Handled in accordance with the related provision of Article 2.9 of these Procedures.

5. The acquisition or disposal of assets, acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law shall be handled pursuant to the related

provisions of Article 2.10 of these Procedures.

**2.3.2.** Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, shall meet the following requirements:

1. May not have previously received a final and un-appealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
  - (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
  - (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
  - (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
  - (4) The declaration matters shall include such items, to the effect that the related personnel have professionalism and independence, and that the information in use has been evaluated to be reasonable, accurate and in compliance with the relevant statutory regulations, etc.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

**2.4.** Preservation of Information

**2.4.1.** The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

**2.5.** Announcing and Reporting Procedures

**2.5.1.** Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
  - (1) Where the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - (2) Where the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to

the following circumstances:

- (1) Trading of domestic government bonds.
- (2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
- (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

**2.5.2.** The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
5. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

For the stock of the company without par value or with par value per share in amount rather than 10 dollars, the transaction amount in 20% of paid-in capital as provided in these Procedures shall be calculated by 10% of equitable attributable to the shareholders of the parent company; the transaction amount reaching NT\$10 billion of paid-in capital as provided shall be calculated by NT\$20 billion of equity attributable to shareholders of the parent company.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

**2.5.3.** The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

**2.5.4.** The content of the matters required for announcement and reporting by the Company pursuant to Article 2.5.3 shall comply with the relevant provisions of the FSC.

**2.5.5.** When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

**2.5.6.** Where any of the following circumstances occurs with respect to a transaction that the Company had already publicly announced and reported in accordance with Article 2.5.4, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

**2.6.** Procedures for Controlling and Managing Acquisition or Disposal of Assets by Subsidiaries

**2.6.1.** The Company will supervise its subsidiaries to adopt and implement the rules of procedures for acquisition or disposal of assets in accordance with these Procedures.

**2.6.2.** If the subsidiary that is not itself a public company in Taiwan acquires or disposes of assets to a level wherein a public announcement and reporting shall be made in accordance with Article 2.5.1, the Company shall handle the announcement and reporting matters thereof.

**2.6.3.** The paid-in capital or total assets of the Company shall be the standard applicable to the preceding subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing, as set out in Subparagraph 4 of Article 2.5.1.

**2.7.** The total amount of real property for non-business use or securities purchased by the Company, and the limits of individual securities are as follows:

1. The total amount for purchasing real estate for non-business use shall not exceed 30% of the shareholders' equity, as stated in the Company's latest financial report.
2. The total amount for purchasing equity of securities shall not exceed 20% of the shareholders'

equity, as state in the Company's latest financial report.

3. The balance of the total amount for purchasing securities deducting the purchase amount stated in the preceding second paragraph shall not exceed 50% of the shareholders' equity, as state in the Company's latest financial report.
4. The investment limit for individual securities shall not exceed 20% of the shareholders' equity, as state in the Company's latest financial report.

## **2.8. Related Party Transaction**

**2.8.1.** When the Company engages in any acquisition or disposal of assets from or to a Related Party, in addition to adhering to procedures regulated in these Procedures, the Company shall follow the relevant procedures described below to ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised properly. When the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with 2.3.1 of these regulations. Calculation of transaction amount as described in the preceding paragraph shall be handled in accordance with Article 2.5.2 of these rules. When judging whether the counterparty of transaction is a related party, the substantial relationship shall be taken into consideration, in addition to paying attention to its legal form.

**2.8.2.** When the Company acquires or disposes of real estate or right-of-use assets thereof from a Related Party or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading Taiwan government bonds or bonds under repurchase/resale agreements and purchasing or repurchasing domestic money market funds issued by securities investment trust enterprise in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and approved by the Board of Directors.

1. The purpose, necessity and anticipated benefit of the property acquisition or disposal.
2. The reason for choosing the Related Party as a trading counterparty.
3. With respect to the acquisition of real estate or right-of-use assets thereof from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 2.8.3 and 2.8.5.
4. The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the regulations.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the preceding transaction amount shall comply with Article 2.5.2 of these rules.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may delegate the president to decide such matters when the transaction is within a certain amount, as stipulated in Article 2.2.1, and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (2) Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the Securities and Exchange Act, when the procedures for the transactions of acquisition and disposal of assets are submitted to the Board of Directors for discussion, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

**2.8.3.** The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction

counterparties.

- 2.8.4.** Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the following means listed.
- 2.8.5.** The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Paragraphs 1 and 2 of Article 2.8.3. shall also engage a CPA to check the appraisal and render a specific opinion.
- 2.8.6** Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the provisions of Articles 2.8.4 and 2.8.5s shall not apply to the acquisition; however, it shall be still conducted in accordance with Article 2.8.2:
1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
  4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or among its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- 2.8.7.** When the results of the Company's appraisal conducted in accordance with Article 2.8.3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 2.8.9. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - (1) Where undeveloped land is appraised in accordance with the means in Article 2.8.3, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
  2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
- 2.8.8** Completed transactions involving neighboring or closely valued parcels of land as specified in the preceding paragraph refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- 2.8.9.** Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals, conducted in accordance with Articles 2.8.3 and 2.8.7, are uniformly lower than the transaction price, the following steps shall be taken:
1. A special reserve shall be set aside in accordance with Paragraph 1 of Article 41, the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve, called for under Paragraph 1 of Article 41 of the Securities and Exchange Act, shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
  2. The Audit Committee shall handle the matter in accordance with Article 218 of the Company Act.
  3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- 2.8.10.** The Company that has set aside a special reserve under the preceding paragraph may not utilize the

special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

**2.8.11.** When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Articles 2.8.9 and 2.8.10 if there is other evidence indicating that the acquisition was not an arms length transaction.

**2.9.** Engaging in Derivatives

**2.9.1.** Transaction Principle and Policy

1. Types of derivatives that may be traded:

(1) The derivatives that the Company shall trade are limited to those as referred to in Article 1.4 of these Procedures.

(2) The Company shall engage in margin trading in accordance with the provisions of these Procedures.

2. Operating or hedging strategies:

The hedging operation strategies of the company shall pursue the internal advance offsetting as a whole and operate on the basis of net position. Derivatives trading shall aim to hedge risks, so the trading merchandise shall be mainly selected and used to hedge the risks created by operations of the Company's business.

3. Segregation of duties:

(1) Financial unit: A hub of derivatives trading system, controlling operations of derivatives; materials collection and information provided by the sales department are required for the position prediction and creation. The financial unit must grasp, at all times, collection of market information, judgement of trends and risks, familiarization with financial merchandise, rules and laws, and operation skills, etc. in order to support itself and other related departments for their reference in operations.

(2) Accounting unit: Accurately calculate positions which have been realized or might occur in the future, and register accounts subject to settlement vouchers and related transaction evidence.

(3) Audit unit: Regularly evaluate whether the derivatives trading complies with the existing transaction process, and whether the risks undertaken are within the scope of tolerance of the Company.

4. Essentials of performance evaluation:

For any operation of derivatives, the operation details shall be recorded on the transaction list in order to control profit and loss situation; in addition, the accounts of exchange profit and loss shall be closed on a monthly, quarterly, semi-annual, or annual basis.

5. Total Amount of Derivatives Contracts and Maximum Loss Limit:

The total amount of derivatives contracts shall not exceed US\$100 million or equivalent amount in NT\$; besides, the maximum loss limit for total and individual contracts shall not exceed US\$5 million or equivalent amount in NT\$.

**2.9.2.** Operating Procedures

1. Amount Limitation under Authority Delegated: The derivatives trading of the Company shall be carried out subject to the following authorized amount:

(1) For the non-transaction purpose: Based on the Company's monthly need for capital position in each currency, one third of the amount will be determined by the policy for hedging purpose; each transaction shall be conducted only with approval of the supervisor-in-charge and the chairman.

(2) For the transaction purpose: Regardless of the amount, each transaction shall be carried out only with approval of the chairman. In principle, each transaction risk shall not, at any time, exceed the evaluation of profit or loss in the amount of US\$500,000, which shall be the maximum loss.

2. Implementation unit and transaction process:

(1) Implementation unit: The transactor of the financial unit shall perform transaction within the authorized amount limits with the financial institutions; after completion of each transaction, he/she shall immediately fill out the transaction form based on the transaction return of the financial institutions, specify contents, obtain the supervisor-in-charge's approval by signature, make statistics of positions, and deliver the copy of the transaction form to the accounting unit.

(2) Transaction confirmation: The accounting unit in charge of settlement and registration shall confirm the transaction based on the copy of transaction form, produced by the transaction unit, carry out settlement and register details based on the confirmed figures of transaction; the financial unit shall produce and summarize the statements on a monthly basis for submitting to the accounting department as the basis of accounting appraisal.

(3) Where the Company's derivatives trading is handled by the relevant personnel under

authorization in accordance with these Procedures, a report shall be submitted to the latest Board of Directors meeting afterwards.

### **2.9.3. Risk Management Measures**

#### **1. Scope of Risk Management:**

- (1) Credit risk management: The Company shall deal with those counterparties who are internationally renowned banks with good credit. After transaction, the registrar shall immediately register the amount limit control list and check accounts with the banks on a regular basis.
- (2) Market price risk management: The selected products shall be based on the financial merchandise which is internationally traded in general and the specially-designed products shall be less selected. The registrar shall check, at any time, whether the transaction amount is consistent with the specified amount limits of these Procedures. The accounting department shall conduct, at all times, the market price appraisal, and pay attention to the impact of possible profit or loss on the positions held by the future market price fluctuation.
- (3) Liquidity and cash flow risk management: In order to ensure liquidity in the market, sufficient equipment, information and transaction capability must be required for selecting the financial institutions in financial merchandise trading; the transactor shall always pay attention to the cash flow of the company in order to ensure sufficient cash payment at the time of settlement.
- (4) Operation risk management: The authorized amount limits and operating process must be exactly complied with.
- (5) Legal risk management: The documents signed with the transaction counterparties shall be based on the contracts which are generally used in the market. Any particular contract shall be reviewed by the legal specialists or lawyers.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

3. Risk measuring, monitoring, and control personnel shall be assigned to a different department from that of the personnel in the preceding subparagraph, and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.

**2.9.4. Internal Audit System:** The internal audit personnel are required to understand the suitability of the internal control system in connection with derivatives transactions on a regular basis, to audit, on a monthly basis, how well the trading department follow the Procedures when engaging in derivatives trading, and to produce an audit report, which shall be, along with the implementation status of the annual audit plan of internal audit operations, reported in the prescribed format and via the Internet-based information system, to the FSC for recordation before next February. Should there be any material violation found, a written report is needed to notify the Audit Committee. The improvements made on the default or deficiency and abnormal matters shall be reported via the Internet-based information system to the FSC for reference.

### **2.9.5. Regular Evaluation and Handling of Irregular Circumstances**

1. The positions held in the derivatives trading shall be evaluated at least once a week; the hedging trading conducted for business needs shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior management personnel authorized by the Board of Directors.
2. The senior management personnel designated by the Board of Directors shall pay continuous attention to monitoring and controlling derivatives trading risk, periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the scope of tolerance.
3. The senior management personnel authorized by the Board of Directors shall periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures.
4. When irregular circumstances are found, the senior management personnel designated by the Board of Directors shall adopt necessary response measures and a report immediately made to the Board of Directors. Where the company has appointed independent directors, an independent director shall be present at the meeting and express an opinion.

**2.9.6.** The Company shall establish a log book for its derivatives trading activities, in which details such as the types and amounts of derivatives trading engaged in, approval dates of the Board of Directors, and matters required to be carefully evaluated in accordance with section 2.9.5 shall be recorded in detail for reference.

### **2.10 Business Merger, Demerger, Acquisition and Transfer of Shares**

**2.10.1.** The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an

expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

- 2.10.2.** The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in Article 2.10.1 when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
- 2.10.3.** Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.
- 2.10.4.** The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- 2.10.5.** When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
  2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
  3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- 2.10.6.** When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report in the prescribed format and via the Internet-based information system the information set out in subparagraphs 1 and 2 of Article 2.10.5 to the FSC for recordation.
- 2.10.7.** Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of Articles 2.10.5 and 2.10.6.
- 2.10.8.** Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- 2.10.9.** The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
  - (2) An action, such as a disposal of major assets, that affects the company's financial operations.
  - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

(6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

**2.10.10.** The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

**2.10.11.** After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

**2.10.12.** Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Articles 2.10.4, 2.10.5, 2.10.6, 2.10.7, 2.10.8 and 2.10.11.

Should any implementation-related personnel violate these Procedures or these Regulations, measures shall be taken in accordance with the Company's assessment and rewarding and punishment rules.

### **3. Supplementary Provisions**

#### **3.1. Method and Procedure of Adoption, Amendment and Revocation.**

These Rules of Procedure shall take effect after having been approved in sequence by the Audit Committee and the Board of Directors, and submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

#### **3.2. Announced Date of Implementation and Date of Amendment.**

These Rules of Procedures shall take effect after announcement on June 15, 2010.

The 1<sup>st</sup> amendment was made on June 12, 2012.

The 2<sup>nd</sup> amendment was made on June 10, 2014.

The 3<sup>rd</sup> amendment was made on May 31, 2016.

The 4<sup>th</sup> amendment was made on May 26, 2017.

The 5<sup>th</sup> amendment was made on May 28, 2019.

#### **4. Attachments and Forms Generated**

None

### **3. The Company's "Rules of Procedure for Shareholders' Meeting" before Amendment**

#### **1. General Provisions**

##### **1.1. Purpose of Adoption**

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Company Act and the relevant provisions.

##### **1.2. Scope of Application**

The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

##### **1.3. Responsible Unit**

The Board of Directors' office of the Group is the management unit of these Rules.

##### **1.4. Definition of Terms**

None

#### **2. Topic Content**

##### **2.1. Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.**

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for adoption, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. Before 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 and shall be distributed on the spot of the shareholders' meeting.

The shareholders who hold 3% or more of the total number of issued shares for consecutive one year or more shall specify in writing the items and reasons of the proposals and ask the Board of Directors to convene a special shareholders' meeting.

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

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

##### **2.2. A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.**

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

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

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

- 2.3.** For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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

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

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders themselves or their authorized proxies (hereinafter referred to as shareholders) shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders themselves or their authorized proxies (hereinafter referred to as shareholders) may hand in a sign-in card in lieu of signing in.

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

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

- 2.5.** 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.

- 2.6.** If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise 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 director 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 directors shall select from among themselves one person to serve as chair.

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

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the chairman of the board in person and attended by a majority of the directors in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

- 2.7.** The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

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

- 2.8.** Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.

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

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

If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

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

- 2.9.** 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 each separate proposal in the agenda (including extraordinary 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 of the shareholders' meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. After the meeting is adjourned, shareholders shall not elect another chair to continue the meeting at the original place or another venue. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

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

When 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.

- 2.11.** When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
- A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- 2.12.** A shareholder of the Company shall be entitled to one vote for each share held, unless otherwise provided for in the laws. 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.
- 2.13.** A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.
- When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
- A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
- 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.
- 2.14.** The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a

lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

- 2.15.** Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes of the preceding paragraph may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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

When a proposal comes to a vote at a shareholders' meeting, if the chair puts the matter before all shareholders present at the meeting and none voices an objection, the matter is deemed approved. If an objection is made in that regard, the adoption of the voting method and passage of the number of voting rights, and the proportion of voting rights shall be specified.

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

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

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

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

### **3. Supplementary Provisions**

#### **3.1. Method and Procedure of Adoption, Amendment and Revocation.**

These Rules of Procedure shall take effect after having been approved in sequence by the Audit Committee and the Board of Directors, and submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

#### **3.2. Announced Date of Implementation and Date of Amendment.**

These Rules of Procedure shall take effect after announcement on June 15, 2010.

The 1<sup>st</sup> amendment was made on May 16, 2011.

The 2<sup>nd</sup> amendment was made on October 25, 2011.

The 3<sup>rd</sup> amendment was made on June 12, 2012.

The 4<sup>th</sup> amendment was made on June 10, 2013.

The 5<sup>th</sup> amendment was made on May 27, 2015.

The 6<sup>th</sup> amendment was made on May 31, 2016.

The 7<sup>th</sup> amendment was made on May 27, 2020.

The 8<sup>th</sup> amendment was made on July 29, 2021.

#### **4. Attachments and Forms Generated**

None

## 4. The Company's "Articles of Incorporation"

### Chapter I General Provisions

Article 1: The Company is incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name is 拓凱實業股份有限公司 in the Chinese language, and Topkey Corporation in the English language.

Article 2: The scope of business of the Company is as follows:

1. CH01010 Sporting goods manufacturing.
2. C901020 Glass and glass products manufacturing.
3. C901990 Other non-metallic mineral products manufacturing.
4. C802120 Industrial and additive manufacturing.
5. C805050 Industrial plastic products manufacturing.
6. CA02010 Manufacturing of metal structure and architectural components.
7. CD01060 Aircraft and parts manufacturing.
8. CJ01010 Cap manufacturing.
9. CF01011 Medical devices manufacturing.
10. CD01010 Ship and its parts manufacturing.
11. CD01050 Bike and its parts manufacturing.
12. CB01990 Other machinery manufacturing.
13. CD01990 Other transport equipment and its parts manufacturing.
14. I199990 Other consultancy.
15. F107990 Other chemicals wholesaling.
16. F207990 Other chemicals retailing.
17. F401010 International trade.
18. I101100 Aviation consulting.
19. H703100 Real estate lease.
20. CQ01010 Molds manufacturing.
21. F106030 Molds wholesaling.
22. F206030 Molds retailing.
23. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall have its head office in Taichung City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set branch offices within or outside the territory of the Republic of China.

Article 4: Public announcements of the Company shall be made according to Article 28 of the Company Act.

Article 5: The Company shall make external guarantee for the business needs.

Article 6: This article is deleted.

Article 7: Unrestricted by Article 13 of the Company Act, the Company shall reinvest in other enterprises for the business needs.

### Chapter II Shares

Article 8: The total capital stock of the Company shall be in the amount of 1,800,000,000 New Taiwan Dollars, divided into 180,000,000 shares, at one New Taiwan Dollars each, among which the unissued shares shall be issued in installments, depending on business needs of the company.

Article 9: The Company is exempted from printing any share certificate for the shares issued. However, the issued shares should be registered with a centralized securities depository enterprise.

The Company is exempted from printing any share certificate for the shares issued. However, the issued shares should be registered with a centralized securities depository enterprise.

Article 10: Unless otherwise provided for in the laws and securities regulations, stock transfer, if any, shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 11: Unless otherwise provided for in the laws and securities regulations, stock loss or damage, if

any, shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.

Article 12: Registration for transfer of shares shall be suspended for a period of sixty days before the convening date of a regular shareholders’ meeting, thirty days before the convening date of a special shareholders’ meeting, or within five days before the date on which dividends, bonus, or other benefits are scheduled to be paid by the Company.

Article 13: Unless otherwise provided for in the laws and securities regulations, the operationst of the shareholder services shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.

### Chapter III Shareholders’ Meeting

Article 14: Shareholders’ meetings are divided into the regular shareholders’ meeting and the special shareholders’ meeting. Regular meetings shall be convened at least once a year according to the law within six months after close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations. A notice shall be made for convening shareholders’ meetings in accordance with the Company Act and the relevant statutory regulations, published by the competent authority. With the consent of shareholders, the notice for convening shareholders’ meetings shall be made by the electronic means.

Article 15: Unless otherwise provided for in the Company Act and relevant statutory regulations, the resolutions at the shareholders’ meeting shall be made by attendance share in person or by proxy of shareholders who represent a majority of the total number of issued shares and with the concurrence of a majority of votes held by the shareholders present at the meeting.

Article 16: Unless otherwise provided for in the laws, each shareholder of the Company is entitled to one vote for each share held.

Article 17: When a shareholder is unable to attend the shareholders’ meeting for some reason, he/she shall prepare the power of attorney to authorize the proxy to attend the meeting. Matters related to use and cancellation of the foregoing power of attorney shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.

Article 18: Matters relating to the resolutions of a shareholders’ meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The aforesaid meeting minutes shall be distributed by announcement.

The meeting minutes shall record not only the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, but also a summary of the deliberations and their results. The minutes shall be retained for the duration of the existence of the Company. The attendance book of the attending shareholders and the power of attorney for attendance by proxy shall be kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, they shall be retained until the conclusion of the litigation. The preceding meeting minutes may be produced and distributed in electronic form.

Article 18-1: If the Company’s stock is intended to be cancelled for public offering, a special resolution shall be made at the shareholders’ meeting, and this article shall remain unchanged during the period of the company’s listing on the emerging market, the TWSE and TPEx.

### Chapter IV Directors

Article 19: The Company shall have 9 – 11 Directors, who shall be elected at the shareholders’ meeting from among the individuals of legal capacity, with a term of three years, and shall be reelected. However, in case no election of new directors is effected after expiration of the term of office of existing directors, the term of office outgoing directors shall be extended till the time new directors have been elected and assumed their office. After the directors are elected, the Company may only purchase the liability insurance for the elected directors only by a resolution at the meeting of the Board of Directors. The total shareholding ratio of the Company whole directors shall comply with the Company Act and the regulations of the competent securities authority.

- Article 19-1: The directors election adopts the candidate nomination system in accordance with Article 192-1 of the Company Act. Matters relating the method of acceptance and announcement, etc. of the director candidate nomination shall be handled pursuant to the Company Act, and the relevant laws and regulations of the Securities and Exchange Act. The election of independent directors and non-independent directors shall be concurrently conducted and the election quota shall be respectively calculated.
- Article 19-2: Among the directors of the Company, the independent directors shall not be less than three in number and not less than one-fifth of the total number of directors. The candidate nomination system shall be adopted for the independent directors who shall be elected at the shareholders' meeting from among the independent director candidates. Matters regarding professional qualifications on shareholdings and concurrent positions held, assessment of independence, method of nomination, method of election, and other matters shall be handled in accordance with the Company Act and the relevant statutory regulations of the competent securities authority.
- Article 20: Except otherwise approved by the competent authority, a majority of directors of the Company shall not have one of the following relations:
1. Spouse.
  2. Relatives within the second degree of kinship.
- Article 21: The Company shall have one chairman, who shall be elected from among the directors at the meeting of the Board of Directors, which is attended by more than two-thirds with the consent of a majority of attending directors, and one vice chairman shall be elected in the same manner. The Chairman externally represents the Company, and shall carry out all affairs of the Company subject to the laws, regulations, and the resolutions of the shareholders' meetings, and the Board of Directors meetings.
- Article 22: Except the matters which shall be resolved at the shareholders' meetings, the business policies and other important matters of the Company shall be determined by the resolutions of the Board of Directors meetings. Except the first meeting of each newly elected Board of Directors, which shall be convened in accordance with Article 203 of the Company Act, other meetings shall be convened by the chairman who shall act as a chair of the meeting. In case the chairman fails to perform duties, the vice chairman shall act on his/her behalf. When the vice chairman takes leaves or fails to perform duties for some reason, the chairman shall designate one director on his/her behalf. In case of no designation, one director shall be appointed as his/her proxy from among the directors. Unless otherwise provided for in the Company Act, the resolution of the meetings of the Board of Directors shall be approved by a majority of directors who attend the meetings with the consent of a majority of attending directors. In case the directors are absent for some reason, they shall prepare the power of attorney, specifying the scope of authorization for convening cause, to authorize other directors to attend the meetings of the Board of Directors on his/her behalf. Only one power of attorney shall be issued by one director. The virtual meetings of the Board of Directors may be convened. Those directors who attend the virtual meetings shall be deemed to have attended the meeting in person.
- Article 23: Matters relating to the resolutions of a Board of Directors meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting. The meeting minutes shall record a summary of the deliberations and their results. The minutes shall, along with the attendance book of the attending directors and power of attorney for attendance by proxy, be retained for the duration of the existence of the Company.
- The preceding meeting minutes may be produced and distributed in electronic form.
- Article 24: This article is deleted.
- Article 25: The Company appoints the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of whole independent directors. The Audit Committee or its members take charge of performing duties and power of supervisors, as prescribed in the Company Act, the Securities and

Exchange Act, and other laws and regulations.

Effective the date of establishment of the Audit Committee, the rights and responsibilities of the Company's supervisors are superseded by the Audit Committee, and the provisions in respect of supervisors shall be never applicable.

Article 26: The remuneration of whole directors shall be determined by the Board of Directors under authorization, based on their participation in the Company's operation and their contribution value, and by referring to the normal level of the same industry. In case the Company gains earnings, the profit-sharing compensation shall be distributed pursuant to Article 30.

Article 26-1: When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of directors, the Board of Directors shall call, within the specified deadline, a special shareholders' meeting for by-election. The term of office of the succeeding directors shall only make up that of the former directors.

Article 26-2: This article is deleted (and incorporated into Article 19).

## Chapter V Managerial Officer

Article 27: The Company may have one or more managerial officer. Appointment, discharge and the remuneration of the managerial officers shall comply with Article 29 of the Company Act.

## Chapter VI Final Accounts

Article 28: The fiscal year of the Company is from January 1 to December 31 of each year.

Article 29: At the end of each fiscal year, the Board of Directors of the Company shall prepare the statements, as stipulated in Article 228 of the Company Act, send them to the Audit Committee for review within 30 days prior to the regular shareholders' meeting, and then submit the same to the regular shareholders' meeting for acceptance.

Article 30: In case the Company gains profit in the year, the following profit-sharing compensation shall be appropriated as follows:

1. 3% - 10% of profit-sharing compensation for employees.
2. No more than 5% of profit-sharing compensation for directors.

However, the accumulated losses of the Company, if any, shall be covered first.

The preceding profit-sharing compensation for employees shall be distributed in stock or cash, including the employees of subsidiaries who meet the specific requirements.

After closing of accounts, if there is profit, the Company shall first pay the income tax according to the law, make up the losses for the preceding years, then set aside a legal reserve of 10% of the net profit, and appropriate or reverse special surplus reserve pursuant to the regulations of the competent authority; the remaining profit shall be distributed to pay the dividend. Any earnings left shall be distributed, along with the undistributed earnings at the beginning of the period, by the resolution of the shareholders' meeting.

The development of the Company's industry is situated at the business expansion stage with urgent needs for capital, so the earnings distribution complies with the provisions of the Company Act and the Articles of Incorporation of the Company. In addition, the method of dividend distribution of each year shall be determined, depending on the company's capital planning and operation results. However, the stable and balanced dividend policy will be adopted in principle. The Board of Directors will make a resolution on the distribution method (cash dividend or stock dividend) and amount of the balance after distribution stated in subparagraphs 1 and 2 of the preceding paragraph plus the total amount of undistributed earnings in the preceding year, based on the operation results, financial status and capital planning, before the regular shareholders' meeting of each year. The bonus for shareholders, distributed by resolution shall not be less than 20% of the net amount of after-tax net profit deducting the legally-appropriated surplus reserve; among others, the ratio of cash dividend shall not be less than 20% of total dividend amount. However, the ratio of this cash dividend for shareholders shall depend on the actual profits and capital needs in the current year, and shall be adjusted by the resolution of the shareholders' meeting.

Article 30-1: The earnings distribution or loss make-up of the Company shall be made at the end of each fiscal year.

The proposal of earnings distribution or loss make-up for the first half of the fiscal year shall be submitted, along with the business report and the financial statements, to the Audit Committee for review and then to the Board of Directors for making a resolution. The earnings, distributed according to the preceding provision, shall be estimated and reserved for paying the taxes, making up the losses and setting aside the legal surplus reserve according to the law. However, this shall not apply, when the legal surplus reserve has reached the paid-in capital.

The earning distribution by means of issuing new shares pursuant to the provisions of paragraph 2 shall be handled in accordance with Article 240 of the Company Act. The cash distribution shall be resolved by the Board of Directors meeting.

In case of the public offering of stock, the earnings distribution or loss make-up pursuant to the provisions of the preceding four paragraphs shall be based on the CPAs-audited or reviewed financial statements.

Article 30-2: In order to offer incentives and compensation for the employees of subsidiaries, including such incentives as employee's treasury stock, employee stock warrant, profit-sharing compensation for employees (stake), employee stock option and restricted stock award, etc., in addition to the Company's employees, the employees of the parent company and subsidiaries shall be entitled to the incentives.

#### Chapter VII Supplementary Provisions

Article 31: The organizational regulations and the operational bylaws of the Company shall be separately established by the Board of Directors.

Article 32: Any matters not covered in this Articles of Incorporation shall be handled in accordance with the regulations of the Company Act and other relevant laws and regulations.

Article 33: This Article of Incorporation was adopted on April 22, 1980.

The 1<sup>st</sup> amendment was made on June 10, 1980.

The 2<sup>nd</sup> amendment was made on July 1, 1980.

The 3<sup>rd</sup> amendment was made on September 10, 1982.

The 4<sup>th</sup> amendment was made on June 20, 1983.

The 5<sup>th</sup> amendment was made on November 16, 1984.

The 6<sup>th</sup> amendment was made on June 20, 1986.

The 7<sup>th</sup> amendment was made on October 28, 1989.

The 8<sup>th</sup> amendment was made on May 23, 1990.

The 9<sup>th</sup> amendment was made on October 5, 1991.

The 10<sup>th</sup> amendment was made on March 25, 1992.

The 11<sup>th</sup> amendment was made on October 15, 1993.

The 12<sup>th</sup> amendment was made on January 10, 1995.

The 13<sup>th</sup> amendment was made on March 6, 1997.

The 14<sup>th</sup> amendment was made on October 16, 1997.

The 15<sup>th</sup> amendment was made on December 1, 2001.

The 16<sup>th</sup> amendment was made on June 29, 2007.

The 17<sup>th</sup> amendment was made on October 9, 2009.

The 18<sup>th</sup> amendment was made on May 16, 2011.

The 19<sup>th</sup> amendment was made on October 25, 2011.

The 20<sup>th</sup> amendment was made on June 12, 2012.

The 21<sup>st</sup> amendment was made on May 27, 2015.

The 22<sup>nd</sup> amendment was made on May 31, 2016.

The 23<sup>rd</sup> amendment was made on May 26, 2017.

The 24<sup>th</sup> amendment was made on May 28, 2019.

The 25<sup>th</sup> amendment was made on May 27, 2020.

## V. Shareholding of Directors

- (1) The paid-in capital of the Company is NT\$908,200,000 with 90,820,000 shares.
- (2) In accordance with Paragraph 2, Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, to the effect that where the paid-in capital of the company is more than NT\$300 million but NT\$1 billion or less, the total registered shares owned by all directors shall not be less than ten percent of the total issued shares, it totals 7,265,600 shares (if two independent directors or more are elected, the total registered shares owned by all directors except independent directors is reduced to 80%.)
- (3) The numbers of shares held by the directors of the Company as recorded in the shareholders’ register as of the book closure date (April 2, 2023) of this annual shareholders’ meeting are as follows:

Unit: shares

Title	Account Name	Number of Shares Held	Shareholding Ratio
Chairman	Shen, Wen-Chen	9,654,182	10.63%
Director	Chu, Tong-Chen	3,483,789	3.84%
Director	Chang, Kuei-Lin	2,918,846	3.21%
Director	Shen, Pei-Ni	1,922,394	2.12%
Director	Lin, Kuo-Fen	1,392,935	1.53%
Director	Chang, Chao-Yueh	-	0.00%
Independent	Yang, Shih-Chien	-	0.00%
Independent	Ma, Chen-Chi	-	0.00%
Independent	Yang, Ying-Huang	-	0.00%
Independent	Lee, Cherng	-	0.00%
Total Number of Shares Held by Whole Directors		19,372,146	21.33%

**Thank you for your attendance at  
the annual shareholders' meeting.**

**Your comments and advice  
will be always welcomed.**