

Stock code: 6449



APAQ Technology Co., Ltd.
APAQ TECHNOLOGY CO . ,LTD.

2022 Regular Shareholders' Meeting

Agenda Handbook

June 21, 2022

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Procedures for 2022 Regular Shareholders' Meeting

- I. Meeting Called to Order**
- II. Chairperson Remarks**
- III. Matters Reported On**
- IV. Proposals**
- V. Discussions**
- VI. Extraordinary Motions**
- VII. Adjournment**

Agenda for 2022 Regular Shareholders' Meeting

Method of the Meeting: Physical shareholders' meeting

Time: 9:00 a.m., Tuesday, June 21, 2022

Location: 202 Vocational Training Room, 2nd Floor, Administrative Service Center, Zhunan Science Park, Hsinchu Science Park Bureau, Ministry of Science and Technology

(No. 36-2, Keyan Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.))

Chapter 1 MC Reports Number of Shares on Attendance.

Chapter 2 Chairperson Remarks

Chapter 3 Contents of Meeting:

(I) Matters Reported On

1. 2021 Business Report.
2. Audit Committee's Audit Report on the 2021 Business Report and Financial Statements.
3. Report on material transactions of the Company's investments, financing endorsements, and derivatives overseas and in China in 2021.
4. Report on the distribution status of the remuneration to employees and directors.

(II) Proposals

1. 2021 Business Report and Financial Statements.
2. 2021 Earnings Distribution Plan.

(III) Discussions and Proposals

1. Amendments to the Articles of Association of the Company.
2. Amendments to the Procedures Governing the Acquisition or Disposition of Assets.
3. Discussion on the issuance of new restricted employee shares.

(IV) Extraordinary Motions and Proposals

Chapter 4 Adjournment

(I) Matters Reported On

I. 2021 Business Report.

Description: Please refer to Attachment I (page 30) of the Agenda Handbook for the Company's 2021 Annual Business Report.

II. Audit Committee's Audit Report on the 2021 Business Report and Financial Statements.

Description: Please refer to Attachment II (page 31) of the Agenda Handbook for the Audit Committee's Audit Report.

III. Report on material transactions of the Company's investments, financing endorsements, and derivatives overseas and in China in 2021.

Description: Please refer to Attachment III (page 32~35) of the Agenda Handbook for the material transactions of the Company.

IV. Report on the distribution status of the remuneration to employees and directors.

Description:

1. The Company shall appropriate no less than 8% of current year profit as employee bonuses by cash or shares upon approval of the board of directors. Employee bonuses may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 3% of the above profit as Directors' remuneration upon approval of the board of directors. The distribution plan of the remuneration to employees and directors shall be reported at the shareholders' meeting.
2. The Company' profit for 2021 was NT\$390,920,810. It is proposed to allocate NT\$33,221,624 to employees as remuneration and NT\$9,760,000 to directors. A total of NT\$42,981,624 will be paid in cash.

(II) Proposals

Proposal I (Proposed by the board of directors)

Subject: The 2021 Business Report and Financial Statements submitted for adoption.

Description: The Consolidated Financial Reports and Parent Company Only Financial Reports for the year 2021 have been adopted by resolution by the board of directors on February 10, 2022, audited by the CPAs Cheng-Hsueh Chen and Wan-Yuan Yu of KPMG Taiwan entrusted by the board of directors. Please refer to Attachment I, IV and V (page 30 and page 36~49) of the Agenda Handbook for the Business Report, Consolidated Financial Reports and Individual Financial Statements.

Resolution:

Proposal II (Proposed by the board of directors)

Subject: The 2021 Earnings Distribution Plan is submitted for adoption.

Description:

1. According to Article 27-1 of the Company's Articles of Incorporation, the earnings for the year 2021 will be distributed as follows:

APAQ Technology Co., Ltd.
2021 Earnings Distribution Table



(Unit: NT\$)

Item	Amount	Remarks
Retained Earnings at the Beginning of Period	437,601,316	
Add: Net Income for 2021	306,365,676	
Less: Special Capital Reserve Appropriated	13,391,271	
Less: Legal Reserve Appropriated for 2021	30,636,568	
Distributable Earnings	699,939,153	
Distributable Items:		
Shareholder Dividends (Cash)	177,907,028	NT\$2 per share
Retained Earnings at the end of Period	522,032,125	

Note: The number of outstanding shares is 88,953,514.

Chairman:



Manager:



Accounting Manager:



2. As for the above-mentioned distributable items of shareholders' cash dividend, if the number of shares outstanding of the Company is affected by the change of the capital stock, and the dividend ratio of the shareholders is changed and needs to be revised, it is proposed that the Chairman shall be authorized to make the corresponding adjustment.
3. The cash dividends shall be calculated according to the distribution ratio to the nearest NT\$ 1 (round off). If the total fractional amount is insufficient to be less than NT\$ 1, it shall be incorporated into other income.
4. As for the dividend distribution, the Chairman shall be authorized to set the ex-dividend date, distribution date and other relevant matters.

Resolution:

(III) Discussions

Proposal I (Proposed by the board of directors)

Subject: Amendments to the Company's Articles of Association submitted for discussion.

Description: In line with the law and in cooperation with the issuance of new restricted employee shares, it is proposed to amend some articles of the Company's Articles of Incorporation. The comparison table of the articles before and after the amendment is as follows:

:

APAQ Technology Co., Ltd.

Comparison Table for Amendments to the Articles of Association

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
Article 5-1	<p><u>Qualification requirements of transferees of the shares bought back by the Company include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to resolve on the requirements and transfer methods.</u></p> <p><u>Qualification requirements of employees entitled to receive share subscription warrant include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to resolve on the requirements and issuance methods.</u></p> <p><u>Qualification requirements of employees entitled to receive new shares with restricted rights include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to resolve on the requirements and issuance methods.</u></p> <p><u>Qualification requirements of employees who have the right of subscribing new shares for capital increase by cash include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to resolve on the requirements and subscription methods.</u></p>	I. New article	In cooperation with the issuance of new restricted employee shares
Article 9	<p>Shareholders' meetings of the Company are of two kinds:</p> <p>I. Regular meetings, which shall be convened by at least once a year by the board of directors within six months after fiscal year-end.</p> <p>II. Special shareholders' meeting, which shall be convened when necessary according to law.</p> <p>The adoption of electronic voting at shareholders' meetings is included as one of the channels for shareholders of the Company to exercise voting rights, and the related operations are handled in accordance with the regulations of the competent authorities.</p> <p>Shareholders' meeting of the Company</p>	<p>Shareholders' meetings of the Company are of two kinds:</p> <p>II. Regular meetings, which shall be convened by at least once a year by the board of directors within six months after fiscal year-end.</p> <p>Special shareholders' meeting, which shall be convened when necessary according to law.</p>	Amend in line with the Company Act

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>may be held by video conference or other means as announced by the central competent authorities.</p> <p>The conditions, operating procedures and other matters to be followed for the adoption of the video shareholders' meeting shall be in accordance with the regulations of the competent securities authorities.</p>		
Article 33	<p>These Articles of Incorporation were formulated by the sponsors' meeting with the consent of all the sponsors on December 23, 2005, and came into force on the date of approval and registration by the competent authority.</p> <p>The first amendment was made on July 7, 2006 and taken into effect by the resolution of the shareholders' meeting. The second amendment was made on June 26, 2009 and taken into effect by the resolution of the shareholders' meeting. The third amendment was made on June 25, 2010 and taken into effect by the resolution of the shareholders' meeting. The fourth amendment was made on June 22, 2011 and taken into effect by the resolution of the shareholders' meeting. The fifth amendment was made on June 22, 2012 and taken into effect by the resolution of the shareholders' meeting. The sixth amendment was made on June 25, 2013 and taken into effect by the resolution of the shareholders' meeting. The seventh amendment was made on June 12, 2014 and taken into effect by the resolution of the shareholders' meeting. The eighth amendment was made on June 23, 2015 and taken into effect by the resolution of the shareholders' meeting. The ninth amendment was made on June 23, 2016 and taken into effect by the resolution of the shareholders' meeting. The tenth amendment was made on June 20, 2017 and taken into effect by the resolution of the shareholders' meeting. The eleventh amendment was made on June 26, 2018 and taken into effect by the resolution of the shareholders' meeting. The twelfth amendment was made on June 19, 2019 and taken into effect by the resolution of the shareholders' meeting. The thirteenth amendment was made on June 17, 2020 and taken into effect by the resolution of the shareholders' meeting. The fourteenth amendment was made on</p>	<p>These Articles of Incorporation were formulated by the sponsors' meeting with the consent of all the sponsors on December 23, 2005, and came into force on the date of approval and registration by the competent authority.</p> <p>The first amendment was made on July 7, 2006 and taken into effect by the resolution of the shareholders' meeting. The second amendment was made on June 26, 2009 and taken into effect by the resolution of the shareholders' meeting. The third amendment was made on June 25, 2010 and taken into effect by the resolution of the shareholders' meeting. The fourth amendment was made on June 22, 2011 and taken into effect by the resolution of the shareholders' meeting. The fifth amendment was made on June 22, 2012 and taken into effect by the resolution of the shareholders' meeting. The sixth amendment was made on June 25, 2013 and taken into effect by the resolution of the shareholders' meeting. The seventh amendment was made on June 12, 2014 and taken into effect by the resolution of the shareholders' meeting. The eighth amendment was made on June 23, 2015 and taken into effect by the resolution of the shareholders' meeting. The ninth amendment was made on June 23, 2016 and taken into effect by the resolution of the shareholders' meeting. The tenth amendment was made on June 20, 2017 and taken into effect by the resolution of the shareholders'</p>	Add the amendment date

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	June 21, 2022 and taken into effect by the resolution of the shareholders' meeting.	meeting. The eleventh amendment was made on June 26, 2018 and taken into effect by the resolution of the shareholders' meeting. The twelfth amendment was made on June 19, 2019 and taken into effect by the resolution of the shareholders' meeting. The thirteenth amendment was made on June 17, 2020 and taken into effect by the resolution of the shareholders' meeting.	

Resolution:

Proposal II (Proposed by the board of directors)

Subject: Amendments to the Procedures Governing the Acquisition or Disposition of Assets submitted for discussion.

Description: In accordance with the Q&A for Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued on January 28, 2022, and in cooperation with the establishment of the Company's Audit Committee, it is proposed to amend some articles of the Company's Procedures for the Acquisition and Disposal of Assets. The comparison table of the articles before and after the amendment is as follows:

APAQ Technology Co., Ltd.

Comparison Table for Amendments to the Procedures for the Acquisition and Disposal of Assets

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
Article 6	Procedures for the Acquisition or Disposal of Real Property, Equipment or Right-of-use Assets thereof I. Evaluation and Operating Procedure The acquisition or disposal of real property, equipment or right-of-use assets thereof shall be handled in a circular manner in accordance with the Company's internal control system. II. Procedures for Determining Transaction Terms and Authorized Amount (1) In acquiring or disposing of real property and right-of-use assets thereof, the transaction conditions and transaction prices shall be determined by referring to the announced present value, assessed value and recent transaction price of real property, etc., and an analysis report shall be prepared and submitted to the chairman. Such acquisition and disposal shall be handled according to the Company's authority for examination and approval. (2) The acquisition or disposal of equipment and right-of use assets thereof shall be made by	Procedures for the Acquisition or Disposal of Real Property, Equipment or Right-of-use Assets thereof I. Evaluation and Operating Procedure The acquisition or disposal of real property, equipment or right-of-use assets thereof shall be handled in a circular manner in accordance with the Company's internal control system. II. Procedures for Determining Transaction Terms and Authorized Amount (1) In acquiring or disposing of real property and right-of-use assets thereof, the transaction conditions and transaction prices shall be determined by referring to the announced present value, assessed value and recent transaction price of real property, etc., and an analysis report shall be prepared and submitted to the chairman. Such acquisition and disposal shall be handled according to the	The Company has appointed Independent Directors and established an Audit Committee, thus the texts about assumption are removed. And amend the article in accordance with the Financial Supervisory

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>inquiry, price comparison, price negotiation or bidding. The amount shall be handled according to the Company's authority for examination and approval.</p> <p>(3) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>the Audit Committee</u>. When a transaction of the Company involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. Any transaction of the Company involving major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Execution Unit</p> <p>The Company's acquisition or disposal of equipment or right-of-use assets shall be conducted by the use unit and management division upon the examination and approval according to the authority as set out the preceding paragraph.</p> <p>IV. Appraisal Report on Real Property, Equipment, Right-of-use Assets thereof</p> <p>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</p>	<p>company's authority for examination and approval.</p> <p>(2) The acquisition or disposal of equipment and right-of use assets thereof shall be made by inquiry, price comparison, price negotiation or bidding. The amount shall be handled according to the Company's authority for examination and approval.</p> <p>(3) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>each supervisor</u>. <u>Where the position of independent director has been created</u> by the Company, when a transaction of the Company involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. <u>Where an audit committee has been established</u>, any transaction of the Company involving major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Execution Unit</p> <p>The Company's acquisition or disposal of equipment or right-of-use assets shall be conducted by the use unit and management division upon the examination and approval according to the authority as set out the preceding paragraph.</p> <p>IV. Appraisal Report on Real Property, Equipment, Right-of-use Assets thereof</p> <p>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</p>	<p>Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued on January 28, 2022.</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>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 render a specific opinion regarding the reason for the discrepancy and the 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>(5) 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.</p>	<p>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 conduct <u>in accordance with the Statements of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation (hereinafter referred to as "The Foundation")</u>, and render a specific opinion regarding the reason for the discrepancy and the 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>(5) Where the Company acquires or disposes of assets through court auction</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
		procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	
Article 7	<p>Procedures for the Acquisition or Disposal of Securities Investments</p> <p>I. Evaluation and Operating Procedure</p> <p>The purchase and sale of the Company's securities shall be handled in accordance with the Company's internal control system. Investment in the mainland China area shall be handled in accordance with the regulations promulgated by the Investment Commission, MOEA.</p> <p>II. Procedures for determining transaction terms and authorized amount shall follow the relevant provisions of the Company's internal control system.</p> <p>III. Execution Unit</p> <p>The Company's securities investment shall be carried out by the Finance and Accounting Division after being submitted for approval in accordance with the approval authority as set out in the preceding paragraph.</p> <p>IV. Obtain Expert's Opinion</p> <p>(1) 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 otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(2) 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.</p>	<p>Procedures for the Acquisition or Disposal of Securities Investments</p> <p>I. Evaluation and Operating Procedure</p> <p>The purchase and sale of the Company's securities shall be handled in accordance with the Company's internal control system. Investment in the mainland China area shall be handled in accordance with the regulations promulgated by the Investment Commission, MOEA.</p> <p>II. Procedures for determining transaction terms and authorized amount shall follow the relevant provisions of the Company's internal control system.</p> <p>III. Execution Unit</p> <p>The Company's securities investment shall be carried out by the Finance and Accounting Division after being submitted for approval in accordance with the approval authority as set out in the preceding paragraph.</p> <p>IV. Obtain Expert's Opinion</p> <p>(1) 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. <u>When using the report of an expert as audit evidence, a CPA shall do so in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</u> 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 (FSC).</p> <p>(2) 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.</p>	<p>Amend the article in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued on January 28, 2022.</p>
Article 8	<p>Procedures for Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the</p>	<p>Procedures for Related Party Transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that</p>	<p>The Company has appointed Independent</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of Article 6, Article 7 and Article 9 and the following provisions, if the transaction amount reaches 10 percent 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 compliance with the provisions of Article 6, Article 7 and Article 9. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Evaluation and Operating Procedure</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and 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, except in 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, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to <u>the Audit Committee for consent</u> and approved by the board of directors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of Paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(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 funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the provisions of Article 6, Article 7 and Article 9.</p> <p>(7) Restrictive covenants and other important</p>	<p>the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of Article 6, Article 7 and Article 9 and the following provisions, if the transaction amount reaches 10 percent 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 compliance with the provisions of Article 6, Article 7 and Article 9. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. Evaluation and Operating Procedure</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and 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, except in 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, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors <u>and recognized by the supervisors</u>:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of Paragraph 3 of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(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 funds utilization.</p>	<p>Directors and established an Audit Committee, thus the texts about assumption are removed.</p> <p>And amend the article in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued on January 28, 2022.</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>stipulations associated with the transaction. <u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in Paragraph 2 and the transaction amount will reach 10 percent or more of the public company's total assets, the Company shall submit the materials in all the subparagraphs of Paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>The calculation of the transaction amounts referred to in <u>Paragraph 2</u> and the preceding paragraph shall be made in accordance with Article 12, Paragraph 1, Subparagraph (6) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>shareholders meeting, Audit Committee or board of directors</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or 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 board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to relevant 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. With respect to the matters which 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, if approval of more than half of audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all</p>	<p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the provisions of Article 6, Article 7 and Article 9.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12, Paragraph 1, Subparagraph (6) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors <u>and recognized by the supervisors</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or 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 board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p><u>Where the position of independent director has been created</u> by the Company, when a matter is submitted for discussion by the board of directors pursuant to relevant 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. <u>Where an audit committee has been established by the Company, the matters for which the relevant provisions require recognition by the supervisors</u> 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. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Reasonableness Evaluation of Transaction Costs</p> <p>(1) 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:</p> <p>A. 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.</p> <p>B. 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.</p> <p>(2) 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 means listed in the preceding paragraph.</p> <p>(3) 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 subparagraphs (1) and (2) of Paragraph 3 of this Article shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal conducted in accordance with subparagraphs (1) and (2) of Paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5) of Paragraph 3 of this Article. 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:</p> <p>1. Where the related party acquired</p>	<p>board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Reasonableness Evaluation of Transaction Costs</p> <p>(1) 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:</p> <p>A. 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.</p> <p>B. 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.</p> <p>(2) 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 means listed in the preceding paragraph.</p> <p>(3) 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 subparagraphs (1) and (2) of Paragraph 3 of this Article shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal conducted in accordance with subparagraphs (1) and (2) of Paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5) of Paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, 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.</p> <p>(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.</p> <p>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. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle 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.</p> <p>(5) 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 subparagraphs (1) and (2) of Paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken. The Company and a public company using the equity method to account for its investment in 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</p>	<p>from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>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:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, 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.</p> <p>(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.</p> <p>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. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle 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.</p> <p>(5) Where the Company acquires real</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>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 Financial Supervisory Commission has given its consent.</p> <p>A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of 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 a public company uses the equity method to account for its investment in the Company, then the special reserve called for under relevant provisions 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.</p> <p>B. The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>C. Actions taken pursuant to Items 1 and 2 of subparagraph (5) of Paragraph 3 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the evaluation and operating procedures stipulated in Paragraph 1 and Paragraph 2 of this Article, and subparagraphs (1), (2) and (3) of Paragraph 3 of this Article do not apply:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. 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.</p> <p>(7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with subparagraph (5) of Paragraph 3 of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>property or right-of-(use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraphs (1) and (2) of Paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken. The Company and a public company using the equity method to account for its investment in 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 Financial Supervisory Commission has given its consent.</p> <p>A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of 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 a public company uses the equity method to account for its investment in the Company, then the special reserve called for under relevant provisions 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.</p> <p>B. <u>Supervisors</u> shall comply with Article 218 of the Company Act. <u>Where an audit committee has been established, it shall be handled by the independent director members of the audit committee.</u></p> <p>C. Actions taken pursuant to Items 1 and 2 of subparagraph (5) of Paragraph 3 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the evaluation and operating procedures stipulated in Paragraph 1 and Paragraph 2 of this Article, and subparagraphs (1), (2) and (3) of Paragraph 3 of this Article do not apply:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
		<p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. 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.</p> <p>(7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with subparagraph (5) of Paragraph 3 of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
Article 9	<p>Procedures for the Acquisition or Disposal of Intangible Assets or Right-of-use Assets thereof or Memberships</p> <p>I. Evaluation and Operating Procedure The acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be handled in a circular manner in accordance with the Company's internal control system.</p> <p>II. Procedures for Determining Transaction Terms and Authorized Amount (1) In acquiring or disposing of memberships, the transaction conditions and transaction prices shall be determined by referring to the fair market price, and an analysis report shall be prepared and submitted to the chairman. If the amount is less than 2‰ of the paid-in capital or less than NT\$3 million, it shall be submitted to the chairman for approval and shall be reported to the board of directors at the most recent meeting afterwards; If the amount exceeds NT\$3 million, it shall be approved by the board of directors.</p> <p>(2) In acquiring or disposing of intangible assets or right-of-use assets thereof, the transaction conditions and transaction prices shall be determined by referring to the expert's evaluation report or the fair market price, and an analysis report shall be prepared and submitted to the chairman. If the amount is less than 10% of the paid-in capital or NT\$50 million, it shall be submitted to the chairman for approval and shall be reported to the board of directors at the most recent meeting afterwards; If the amount exceeds NT\$50 million, it shall be approved by the board of directors.</p> <p>(3) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written</p>	<p>Procedures for the Acquisition or Disposal of Intangible Assets or Right-of-use Assets thereof or Memberships</p> <p>I. Evaluation and Operating Procedure The acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be handled in a circular manner in accordance with the Company's internal control system.</p> <p>II. Procedures for Determining Transaction Terms and Authorized Amount (1) In acquiring or disposing of memberships, the transaction conditions and transaction prices shall be determined by referring to the fair market price, and an analysis report shall be prepared and submitted to the chairman. If the amount is less than 2‰ of the paid-in capital or less than NT\$3 million, it shall be submitted to the chairman for approval and shall be reported to the board of directors at the most recent meeting afterwards; If the amount exceeds NT\$3 million, it shall be approved by the board of directors.</p> <p>(2) In acquiring or disposing of intangible assets or right-of-use assets thereof, the transaction conditions and transaction prices shall be determined by referring to the expert's evaluation report or the fair market price, and an analysis report shall be prepared and submitted to the chairman. If the amount is less than 10% of the paid-in capital or NT\$50 million, it shall be submitted to the chairman for approval and shall be reported to the board of directors at the most recent meeting afterwards; If the amount exceeds NT\$50 million, it shall be approved by the board of directors.</p> <p>(3) With respect to the Company's acquisition or disposal of assets that is</p>	<p>The Company has appointed Independent Directors and established an Audit Committee, thus the texts about assumption are removed.</p> <p>And amend the article in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued on January 28, 2022.</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>statement, the Company shall submit the director's dissenting opinion to <u>the Audit Committee</u>. When a transaction of the Company involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. Any transaction of the Company involving major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Execution Unit</p> <p>The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be conducted by the use unit and Finance Division or Administrative Division upon the examination and approval according to the authority as set out the preceding paragraph.</p> <p>IV. Expert's Evaluation Opinion Report for Intangible Assets or Right-of-use Assets thereof or Memberships</p> <p>(1) Where the Company acquires or disposes of memberships and the transaction amount reaches 2 thousandths or more of paid-in capital or NT\$3 million or more, the Company shall engage an expert prior to the date of occurrence of the event to issue a valuation report.</p> <p>(2) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof and the transaction amount reaches 10 percent or more of paid-in capital or NT\$50 million or more, the Company shall engage an expert prior to the date of occurrence of the event to issue a valuation report.</p> <p>(3) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships 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</p>	<p>subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>each supervisor</u>. <u>Where the position of independent director has been created</u> by the Company, when a transaction of the Company involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. <u>Where an audit committee has been established</u>, any transaction of the Company involving major assets shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p> <p>III. Execution Unit</p> <p>The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be conducted by the use unit and Finance Division or Administrative Division upon the examination and approval according to the authority as set out the preceding paragraph.</p> <p>IV. Expert's Evaluation Opinion Report for Intangible Assets or Right-of-use Assets thereof or Memberships</p> <p>(1) Where the Company acquires or disposes of memberships and the transaction amount reaches 2 thousandths or more of paid-in capital or NT\$3 million or more, the Company shall engage an expert prior to the date of occurrence of the event to issue a valuation report.</p> <p>(2) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof and the transaction amount reaches 10 percent or more of paid-in capital or NT\$50 million or more, the Company shall engage an expert prior</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	the reasonableness of the transaction price.	to the date of occurrence of the event to issue a valuation report. (3) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships 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, <u>and the CPA shall do so in accordance with the Statements of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</u>	
Article 10	<p>Procedures for the acquisition and disposal of derivatives</p> <p>I. Trading Principles and Strategies</p> <p>(1) Trading Type</p> <p>The Company may engage in derivatives including forward contracts, options, futures, swaps, and the hybrid contracts combining the above products and bond margin trading.</p> <p>(2) Operating or Hedging Strategies</p> <p>Trading in derivatives shall be conducted for the purpose of avoiding risks, and the products to be traded shall mainly focus on hedging risks arising from the Company's business operation. As far as possible, the Company shall choose a counterpart such as the bank with which the Company has business transactions so as to avoid credit risks. Prior to foreign exchange transactions, the Company must clearly define the types of transactions, such as financial transactions for hedging purposes or for investment returns, as the basis for accounting.</p> <p>(3) Segregation of Duties</p> <p>Finance Division:</p> <p>1. Responsible for the strategy formulation of the Company's foreign exchange transactions.</p> <p>2. In response to changes in the foreign exchange market, the Finance Division shall collect relevant information from time to time, make judgment on trends and risk assessment, know well the financial products and regulations, take into account the Company's foreign exchange position, and formulate operation strategies and plans, which shall be approved by the chairman as the basis for risks hedging.</p> <p>3. Calculate the realized or future risk exposure positions on a regular basis, and conduct hedging transactions according to the authority.</p> <p>Accounting Division:</p> <p>For various derivatives trading conducted by</p>	<p>Procedures for the acquisition and disposal of derivatives</p> <p>I. Trading Principles and Strategies</p> <p>(1) Trading Type</p> <p>The Company may engage in derivatives including forward contracts, options, futures, swaps, and the hybrid contracts combining the above products and bond margin trading.</p> <p>(2) Operating or Hedging Strategies</p> <p>Trading in derivatives shall be conducted for the purpose of avoiding risks, and the products to be traded shall mainly focus on hedging risks arising from the Company's business operation. As far as possible, the Company shall choose a counterpart such as the bank with which the Company has business transactions so as to avoid credit risks. Prior to foreign exchange transactions, the Company must clearly define the types of transactions, such as financial transactions for hedging purposes or for investment returns, as the basis for accounting.</p> <p>(3) Segregation of Duties</p> <p>Finance Division:</p> <p>1. Responsible for the strategy formulation of the Company's foreign exchange transactions.</p> <p>2. In response to changes in the foreign exchange market, the Finance Division shall collect relevant information from time to time, make judgment on trends and risk assessment, know well the financial products and regulations, take into account the Company's foreign exchange position, and formulate operation strategies and plans, which shall be approved by the chairman as the basis for risks hedging.</p> <p>3. Calculate the realized or future risk exposure positions on a regular basis, and conduct hedging transactions according to the authority.</p>	<p>The Company has appointed Independent Directors and established an Audit Committee, thus the texts about assumption are removed.</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>the Finance Division for hedging purposes, the transaction and settlement receipts shall be checked against the transaction contents notified by Finance Division. Finance Division shall make relevant accounting treatment, and check with counterparties and brokers over the phone to ensure the correctness of the content of transactions.</p> <p>(4) Transaction Amount</p> <p>1. Hedging amount: The Company shall set its own hedging amount based on the realized and possible positions in the future to avoid the risks arising from transactions. Take the demand for US dollars as an example: (1) The Finance Division shall set 100% of its monthly net foreign exchange risk position as the ceiling for hedging amount. (2) If the amount exceeds 100%, it shall be approved by the chairman.</p> <p>2. Financial (speculative) transaction amount: it shall be determined by specific authorized personnel, and must be approved by the chairman.</p> <p>(5) Performance Evaluation</p> <p>1. Hedging trading (1) The foreign exchange profit and loss target shall be set according to the size of the foreign exchange position, which shall be included in the performance evaluation and reviewed periodically. (2) The foreign exchange trading personnel shall make efforts to achieve the budgeted target exchange rate according to the types of financial products determined, which shall be taken as the basis of performance evaluation. (3) Foreign exchange operators shall calculate the net position of risk exposure and report to the management on a monthly basis for management and reference.</p> <p>2. Financial trading Prepare net profit and loss statement on a monthly basis for management's reference.</p> <p>3. Determination of maximum loss limit (1) The maximum contract loss shall not exceed 20% of the contract amount. (2) In the case of a transaction contract for a specific purpose, at any point in time, the amount of stop-loss for a single transaction shall be USD 30,000 and the total amount of stop-loss shall be 3% of the total amount committed. Therefore, if the amount exceeds the amount of stop-loss, response measures such as early delivery or reversal shall be taken to prevent further loss, as appropriate.</p> <p>II. Risk Management Measures (I) Credit Risk Management: Since the market is subject to changes resulting from various factors, which will easily bring operation risks to derivatives, market risk</p>	<p>Accounting Division: For various derivatives trading conducted by the Finance Division for hedging purposes, the transaction and settlement receipts shall be checked against the transaction contents notified by Finance Division. Finance Division shall make relevant accounting treatment, and check with counterparties and brokers over the phone to ensure the correctness of the content of transactions.</p> <p>(4) Transaction Amount</p> <p>1. Hedging amount: The Company shall set its own hedging amount based on the realized and possible positions in the future to avoid the risks arising from transactions. Take the demand for US dollars as an example: (1) The Finance Division shall set 100% of its monthly net foreign exchange risk position as the ceiling for hedging amount. (2) If the amount exceeds 100%, it shall be approved by the chairman.</p> <p>2. Financial (speculative) transaction amount: it shall be determined by specific authorized personnel, and must be approved by the chairman.</p> <p>(5) Performance Evaluation</p> <p>1. Hedging trading (1) The foreign exchange profit and loss target shall be set according to the size of the foreign exchange position, which shall be included in the performance evaluation and reviewed periodically. (2) The foreign exchange trading personnel shall make efforts to achieve the budgeted target exchange rate according to the types of financial products determined, which shall be taken as the basis of performance evaluation. (3) Foreign exchange operators shall calculate the net position of risk exposure and report to the management on a monthly basis for management and reference.</p> <p>2. Financial trading Prepare net profit and loss statement on a monthly basis for management's reference.</p> <p>3. Determination of maximum loss limit (1) The maximum contract loss shall not exceed 20% of the contract amount. (2) In the case of a transaction contract for a specific purpose, at any point in time, the amount of stop-loss for a single transaction shall be USD 30,000 and the total amount of stop-loss shall be 3% of the total amount committed. Therefore, if the amount exceeds the amount of stop-loss, response measures such as early</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>management shall be conducted in accordance with the following principles:</p> <p>A. Counterparty: Focus on famous financial institutions at home and abroad.</p> <p>B. Trading commodities: Limit to commodities provided by famous financial institutions at home and abroad.</p> <p>3. Transaction amount: The unwritten transaction amount of the same counterparty shall not exceed the total authorized amount, unless approved by the chairman.</p> <p>(2) Market Risk Management: Focus on the open foreign exchange trading markets provided by banks.</p> <p>(3) Liquidity Risk Management: To ensure market liquidity, the Company select financial products with high liquidity (i.e. ready to be liquidated in the market at any time). The entrusted financial institutions must hold adequate information and be capable to trade in any market at any time.</p> <p>(IV) Cash Flow Risk Management The Company engages in derivatives trading with its own funds, and take into account the capital requirements of the cash flow forecast for the next three months for the operation amount, so as to ensure the stability of working capital turnover</p> <p>(V) Operation Risk Management A. Strictly comply with the authorized limit, operation procedure, and incorporate them into the internal audit to avoid operation risks B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. C. Risk measurement, monitoring, and control personnel shall be assigned to a different department that 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.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>(VI) Commodity Risk Management Insider traders should have complete and correct professional knowledge of financial products, and require banks to fully disclose risks to avoid risks from misuse of financial products.</p> <p>(VII) Legal Risk Management: Documents signed with financial institutions shall be reviewed by foreign exchange and legal advisers or legal professionals before being formally signed to avoid legal risks.</p>	<p>delivery or reversal shall be taken to prevent further loss, as appropriate.</p> <p>II. Risk Management Measures (I) Credit Risk Management: Since the market is subject to changes resulting from various factors, which will easily bring operation risks to derivatives, market risk management shall be conducted in accordance with the following principles: A. Counterparty: Focus on famous financial institutions at home and abroad. B. Trading commodities: Limit to commodities provided by famous financial institutions at home and abroad.</p> <p>3. Transaction amount: The unwritten transaction amount of the same counterparty shall not exceed the total authorized amount, unless approved by the chairman.</p> <p>(2) Market Risk Management: Focus on the open foreign exchange trading markets provided by banks.</p> <p>(3) Liquidity Risk Management: To ensure market liquidity, the Company select financial products with high liquidity (i.e. ready to be liquidated in the market at any time). The entrusted financial institutions must hold adequate information and be capable to trade in any market at any time.</p> <p>(IV) Cash Flow Risk Management The Company engages in derivatives trading with its own funds, and take into account the capital requirements of the cash flow forecast for the next three months for the operation amount, so as to ensure the stability of working capital turnover</p> <p>(V) Operation Risk Management A. Strictly comply with the authorized limit, operation procedure, and incorporate them into the internal audit to avoid operation risks B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. C. Risk measurement, monitoring, and control personnel shall be assigned to a different department that 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.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>III. Internal Audit System (1) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze the trading cycle and prepare an audit report. If any material violation is discovered, all the audit committee members shall be notified in writing.</p> <p>IV. Regular Evaluation Methods The board of directors shall authorize senior executives to regularly supervise and evaluate whether trading in derivatives is conducted in accordance with the procedures established by the Company, and whether the risks are within the allowable range. In case of any abnormality in the market valuation report (such as holding position exceeding loss limit), it shall be immediately reported to the board of directors and corresponding measures shall be taken.</p> <p>V. Principles of Supervision and Management of the board of directors in Derivatives Trading (1) The board of directors shall designate senior executives to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles: A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Regulations and the Procedures for engaging in derivatives trading formulated by the Company. B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; Independent Directors shall be present at the meeting and express an opinion. (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. (3) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading. (4) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph (5) of Paragraph 2, subparagraphs (1) and (2) of Paragraph 5 of</p>	<p>least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>(VI) Commodity Risk Management Insider traders should have complete and correct professional knowledge of financial products, and require banks to fully disclose risks to avoid risks from misuse of financial products.</p> <p>(VII) Legal Risk Management: Documents signed with financial institutions shall be reviewed by foreign exchange and legal advisers or legal professionals before being formally signed to avoid legal risks.</p> <p>III. Internal Audit System (1) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze the trading cycle and prepare an audit report. If any material violation is discovered, <u>all supervisors</u> shall be notified in writing. <u>Where an audit committee has been established</u> by the Company, all audit committee members shall be notified in writing.</p> <p>IV. Regular Evaluation Methods The board of directors shall authorize senior executives to regularly supervise and evaluate whether trading in derivatives is conducted in accordance with the procedures established by the Company, and whether the risks are within the allowable range. In case of any abnormality in the market valuation report (such as holding position exceeding loss limit), it shall be immediately reported to the board of directors and corresponding measures shall be taken.</p> <p>V. Principles of Supervision and Management of the board of directors in Derivatives Trading (1) The board of directors shall designate senior executives to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles: A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Regulations and the Procedures for engaging in derivatives trading formulated by the Company. B. When irregular circumstances are</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>this Article shall be recorded in detail in the log book.</p> <p>(5) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>the Audit Committee</u>. When a transaction of the Company involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. Any transaction of the Company involving major derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p>	<p>found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; <u>where the Company has independent directors</u>, an independent director shall be present at the meeting and express an opinion.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>(3) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>(4) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph (5) of Paragraph 2, subparagraphs (1) and (2) of Paragraph 5 of this Article shall be recorded in detail in the log book.</p> <p>(5) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>each supervisor</u>. <u>Where the position of independent director has been created</u> by the Company, when a transaction of the Company involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. <u>Where an audit committee has been established</u>, any transaction of the Company involving major derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
		than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.	
Article 12	<p>Information Disclosure Procedures</p> <p>I. Items for Public Announcement and Regulatory Filing and the Procedures</p> <p>(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 domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(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.</p> <p>(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:</p> <p>A. Where the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B. Where the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(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.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, 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>Information Disclosure Procedures</p> <p>I. Items for Public Announcement and Regulatory Filing and the Procedures</p> <p>(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 domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(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.</p> <p>(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:</p> <p>A. Where the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B. Where the company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(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.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million;</p>	<p>Amend the article in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued on January 28, 2022.</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>A. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan</u>.</p> <p>B. 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>(7) The amount of transactions in the preceding 6 shall be calculated as follows, and "within the preceding year" as used herein 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.</p> <p>A The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. 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.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>II. Time Limit for Public Announcement and Reporting</p> <p>In acquiring or disposing of assets, in case of any item to be publicly announced as set forth in the Paragraph 1 of this Article and the transaction amount reaches the standards for public announcement provided in this Article, the Company shall make a public report within 2 days counting inclusively from the date of occurrence of the event.</p> <p>III. Announcement and Reporting Procedures</p> <p>(1) The Company shall make a public announcement and report on the website designated by the Financial Supervisory Commission.</p> <p>(2) 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 Financial Supervisory Commission by the 10th day of each month.</p> <p>(3) 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</p>	<p>provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. 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>(7) The amount of transactions in the preceding 6 shall be calculated as follows, and "within the preceding year" as used herein 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.</p> <p>A The amount of any individual transaction.</p> <p>B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>C. 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.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>II. Time Limit for Public Announcement and Reporting</p> <p>In acquiring or disposing of assets, in case of any item to be publicly announced as set forth in the Paragraph 1 of this Article and the transaction amount reaches the standards for public announcement provided in this Article, the Company shall make a public report within 2 days counting inclusively from the date of occurrence of the event.</p> <p>III. Announcement and Reporting Procedures</p> <p>(1) The Company shall make a public announcement and report on the website designated by the Financial Supervisory Commission.</p> <p>(2) 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</p>	

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p>counting inclusively from the date of knowing of such error or omission.</p> <p>(4) 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.</p> <p>(5) Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>C. Change to the originally publicly announced and reported information.</p>	<p>Financial Supervisory Commission by the 10th day of each month.</p> <p>(3) 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.</p> <p>(4) 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.</p> <p>(5) Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>C. Change to the originally publicly announced and reported information.</p>	
Article 13	<p>The Company's <u>control procedures for the acquisition and disposal of assets by subsidiaries</u>:</p> <p>I. The Company shall <u>see to it</u> that its subsidiaries adopt and implement their Procedures for Acquisition or Disposal of Assets in compliance with the relevant provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies. After their procedures have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the procedures are amended.</p> <p><u>II. The Company shall urge its subsidiaries to inspect by themselves whether their Procedures for Acquisition or Disposal of Assets in compliance with the provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, or whether the acquisition or disposal of assets is handled in accordance with the Procedures for</u></p>	<p>The subsidiaries of the Company <u>shall comply with the following provisions</u>:</p> <p>I. The subsidiaries shall adopt and implement their Procedures for Acquisition or Disposal of Assets in compliance with the relevant provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies. After their procedures have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the procedures are amended.</p> <p>II. Information required to be publicly announced and reported in accordance with Article 12 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>III. In the announcement standards of subsidiaries, the term "reach 20 percent or</p>	<p>In accordance with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the Q&A for Regulations Governing the Acquisition and Disposal of</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
	<p><u>Acquisition or Disposal of Assets established by such subsidiaries.</u></p> <p><u>III. The Company's internal audit shall review the self-inspection report by its subsidiaries.</u></p> <p>IV. Information required to be publicly announced and reported in accordance with Article 12 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>V. In the announcement standards of subsidiaries, the term "reach 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets" is based on the paid-in capital or total assets of the Company.</p> <p>VI. Where the Company's shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under Article 6 to Article 9, Article 12 and this Article, 10 percent of equity attributable to owners of the parent shall be substituted;</p>	<p>more of paid-in capital, 10 percent or more of the Company's total assets" is based on the paid-in capital or total assets of the Company.</p> <p>IV. Where the Company's shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under Article 6 to Article 9, Article 12 and this Article, 10 percent of equity attributable to owners of the parent shall be substituted;</p>	Assets by Public Companies.
Article 15	<p>Implementation and Amendment</p> <p>The Company's Procedures for Acquisition or Disposal of Assets, and any amendments hereto, shall be approved by one-half or more of all audit committee members and delivered to the board of directors for adoption, and then submitted to the shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>the Audit Committee</u>. When the Company's Procedures for Acquisition or Disposal of Assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. When the Company's Procedures for Acquisition or Disposal of Assets are amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.</p>	<p>Implementation and Amendment</p> <p>The Company's Procedures for Acquisition or Disposal of Assets <u>shall be approved by the board of directors, submitted to each supervisor, and then</u> to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>each supervisor</u>. <u>Where the position of independent director has been created</u> by the Company, when its Procedures for Acquisition or Disposal of Assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. And objection or reservation by an independent director about any matter and reasons thereof shall be recorded in the minutes of the board of directors meeting. <u>Where the position of independent director has been created</u> by the Company, when its Procedures for Acquisition or Disposal of Assets are amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall</p>	<p>The Company has appointed Independent Directors and established an Audit Committee, thus the texts about assumption are removed.</p>

Article	Articles after Amendment	Articles before Amendment	Reasons for Amendment
		be counted as the actual number of persons currently holding those positions.	
Article 16	<p>Additional Provisions</p> <p>(1) Any matters not set forth herein shall be governed by applicable laws and regulations.</p> <p>(2) The Procedures was formulated on June 25, 2013.</p> <p>(3) The Procedures has been amended on June 12, 2014.</p> <p>(4) The Procedures has been amended on June 23, 2015.</p> <p>(5) The Procedures has been amended on June 20, 2017.</p> <p>(6) The Procedures has been amended on June 20, 2018.</p> <p>(7) The Procedures has been amended on June 19, 2019.</p> <p><u>(8) The Procedures has been amended on June 21, 2022.</u></p>	<p>Additional Provisions</p> <p>(1) Any matters not set forth herein shall be governed by applicable laws and regulations.</p> <p>(2) The Procedures was formulated on June 25, 2013.</p> <p>(3) The Procedures has been amended on June 12, 2014.</p> <p>(4) The Procedures has been amended on June 23, 2015.</p> <p>(5) The Procedures has been amended on June 20, 2017.</p> <p>(6) The Procedures has been amended on June 20, 2018.</p> <p>(7) The Procedures has been amended on June 19, 2019.</p>	Add the amendment date.

Resolution:

Proposal III (Proposed by the Board of Directors)

Subject: Discussion on the issuance of new restricted employee shares.

Description: 1. To retain and attract professional talents needed by the company, motivate employees and enhance the cohesion-force of employees, so as to create the common interests of the company and its shareholders, the Company intends to issue new restricted employee shares in 2022 in accordance with Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers issued by the Financial Supervisory Commission.

2. It is proposed to issue up to 3,000,000 ordinary shares at a par value of NT\$10 per share, with a total amount of NT\$30,000,000 as stock grants. For the conditions for issuing, the employee qualifications and the number of shares allocated, the necessary reasons for the issuance of new restricted employee shares, the amount that may be expensed, the dilution of earnings per share of the company and other matters affecting shareholders' equity, please refer to Attachment 6 of this Handbook (Page 50~51).

3. The relevant restrictions and important agreed matters or matters not covered herein regarding the issuance of new restricted employee shares shall be subject to the relevant laws and regulations and the issuance rules formulated by the Company.

4. If the issuance of new restricted employee shares is required to revise or amend as instructed by the competent authority, amendment of relevant laws and regulations or due to objective circumstances, the chairman shall be authorized to handle the issue at his discretion.

Resolution:

(IV) Extraordinary Motions

(V) Adjournment

APAQ Technology Co., Ltd. 2021 Business Report

I. Business Policy, Implementation Overview and Profitability and Development Analysis

With conductive polymer material as the core technology, APAQ has successfully developed a series of solid capacitor products and mastered the advantages of R&D, marketing and manufacturing management; it has been treated as an important strategic partner by big manufacturer customers around the world.

The demand of MB & VGA & NB/Chromebook market was stable and the shipment of DIP/Vchip/CAP products increased in 2021. In addition, the pandemic in Malaysia significantly affected Japanese E-CAP, and a large number of important NB customers switched to solid state Vchip, resulting in an increase in shipment. APAQ's operating performance in 2021 once again reached a record high.

In 2021, as the progress of equipment expansion was behind schedule, APAQ will continue to expand the production of Vchip and CAP solid state capacitors in 2022 to meet the market demand and increase revenue and gross profit.

II. Implementation Results of Business Plan

Unit: NTD thousands

Item	2021	2020	Growth Rate
Net operating revenue	2,822,408	2,384,625	18.35%
Gross profit	746,862	683,272	9.30%
Operating profit	402,471	386,898	4.02%
Net income after tax (NIAT)	306,367	261,615	17.10%

III. Research Development Status and General Condition of Implementation

Due to the development of 5G and AI technology, the demand for high-end markets such as communication (5G base station), high performance computing (HPC) and data center, server, gaming PC, commercial NB and electric car witnessed a growth. In 2022, APAQ will continue to develop niche coiled (solid/hybrid/liquid) capacitors and stacked solid state capacitors for high-end market use.

IV. Vision of Continuous Growth

Thanks to the full support from our shareholders, the team has been able to obtain sufficient resources in the past year to continue to complete the productivity construction and the development of new products, which has laid a solid foundation for the Company's sustainable development. As the Company has entered the stage of rapid growth at present, we sincerely request the shareholders' continuous support and recognition.

Chairman:



Manager:



Accounting Manager:



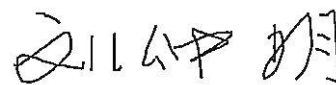
APAQ Technology Co., Ltd.
Audit Committee Report

The board of directors shall prepare and submit the Company's 2021 Annual Business Report, Consolidated Financial Reports, Parent Company Only Financial Reports and the Proposal of the Earnings Distribution , in which the Consolidated Financial Reports and Parent Company Only Financial Reports have been audited by the CPAs Cheng-Hsueh Chen and Wan-Yuan Yu of KPMG Taiwan, with the written audit report issued. The aforementioned Business Report, Consolidated Financial Reports, Parent Company Only Financial Reports and the Proposal for Earnings Distribution have been audited by the Audit Committee and deemed as appropriate, and reported as above in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Act for approval.

Sincerely,

2022 Regular Shareholders' Meeting of APAQ TECHNOLOGY CO.,
LTD.

Convener of the Audit Committee:



February 10, 2022

APAQ Technology Co., Ltd.

Material Transactions of the Company's investments, financing endorsements, and derivatives overseas and in China in 2021.

(I) Information on significant transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the merged company shall disclose the following information concerning material transactions:

1. Financing provided to others:

Number	Lending company	Loan to object	Subject	Whether A Related Party	Highest balance in current period	End-of-period balance	Amount Actually Drawn	Interest rate range	Nature of Loan	Amount of Business Transaction	Reason for short-term financing	Provision for Loss Allowance	Collateral		Limit on amount loaned to single party	Overall limit on amount of loan
													Name	Value		
0	The Company	APAQ Wuxi	Other receivables - related party	Yes	171,210	166,080	-	-	Business transaction	1,845,092		-		-	1,020,794	1,020,794
0	The Company	APAQ Hubei	Other receivables - related party	Yes	171,210	166,080	83,040	2.366%	Short-term Financing	-	Business Needs of Subsidiary	-		-	1,020,794	1,020,794

Note 1: The amount of the Company's loan to an individual company or business with which the Company has business relationship shall be limited to the total value of the underlying transactions between the parties.

Note 2: Total amount of financing to external parties shall be limited to 40% of the equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by the CPAs in the most recent period.

2. Endorsement or guarantee provided to others:

No.	Name of Endorsement/Guarantee Provider	Endorsee/guarantee		The Amount of Endorsements/Guarantees for a Single Enterprise	Highest balance to limit for this period	End-of-period balance to limit	Amount Actually Drawn	Amount of Endorsements/Guarantees by Property	Ratio of aggregate balance of endorsement/guarantee to net equity per latest financial statements	Overall limit on endorsement/guarantee	Endorsor/guarantor is parent company	Endorsor/guarantor is subsidiary	Endorsee/guarantee in mainland China
		Corporate name	Relation										
0	The Company	APAQ Wuxi	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	Y	N	Y

Note 1: The amount of endorsement/guarantee for a single entity is limited to the amount of the Company's most recent consolidated financial statements audited by the CPA attributable to the parent company's owner's equity.

Note 2: The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by the CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of the Marketable Securities	Financial Statement Item	End of the Period				Remarks
				Shares	Carrying Amount	Shareholding ratio	Fair Value	
The Company	Walton Chaintech Corporation	None	Financial asset measured at fair value through other comprehensive profit and loss - current-	4,710	138,239	4.64%	138,239	
The Company	Foxfortune Technology Ventures Limited	None	Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current-	1,000	37,132	5.80%	37,132	
The Company	Inpaq Korea	None	Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current-	18	1,827	10.73%	1,827	
The Company	Chia-Lin Venture Capital Co., Ltd.	None	Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current-	1,800	17,895	3.64%	17,895	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current-	3,770	61,234	5.39%	61,234	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current-	240	1,143	3.20%	1,143	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current-	800	10,576	8.00%	10,576	

4. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital:

None.

5. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.

6. Disposition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
7. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital:

Company Name	Name of the Counterparty	Relation	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchase (Sale) Goods	Amount	As a Proportion of Total Goods Purchased (Sold)	Credit Granting Period	Unit Price	Credit Granting Period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	APAQ Wuxi	Subsidiary	Purchase	1,845,092	98%	Monthly statement for 60 days	-	Note I	441,656	97.00%	Note 2

Note 1. The payment period of general suppliers ranges from 30 days to 90 days on the monthly statement, and the payment period for ApaQ Wuxi is 60 days.

Note 2. Related transactions and closing balances have been eliminated from the consolidated financial statements.

8. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital: None
9. Derivative trading: The redemption rights of embedded derivatives of unsecured convertible corporate bonds were recognized by the Company as financial assets at fair value through profit or loss - current amounted for NT\$0 on December 31, 2020. The unsecured convertible corporate bonds matured on April 27, 2021. Therefore, there was no such situation as of December 31, 2021.
10. Business relation and important transactions between parent company and subsidiaries:

Number	Name of Trader	Counterparty	Relation with the Transacting Party	Transactions Situation			
				Subject	Amount	Terms of Transaction	As a Proportion of Total Consolidated Operating Revenue or Total Assets
0	The Company	APAQ Wuxi	Parent company's transaction with subsidiary	Purchase	1,845,092	Monthly statement for 60 days	65%
0	The Company	APAQ Wuxi	Parent company's transaction with subsidiary	Turnover	124,491	Monthly statement for 60 days	4%
0	The Company	APAQ Wuxi	Parent company's transaction with subsidiary	Accounts receivable	52,152		1%
0	The Company	APAQ Wuxi	Parent company's transaction with subsidiary	Accounts payable	441,656		10%
0	The Company	APAQ Hubei	Parent company's transaction with subsidiary	Other receivables	84,287		2%

(II) Information on reinvestment:

The information on investees is as follows (excluding the investee companies in the Mainland China) :

Name of investees	Location	Primary Business	Major Business Items	Original Investment Amount		Ownership at end of period			Highest ownership during the period	Current Income (Loss) of the Investee	Investment Profit or Loss Recognized in the Current Period	Remarks
				End of the Period	End of Last Year	Shares	Ratio	Carrying Amount				
The Company	APAQ Samoa	Samoa	Holding company	1,377,960	1,377,960	44,504	100.00%	1,966,591	100.00%	123,943	125,653	Subsidiary, Notes 1 and 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	-	3,000	30.00%	29,437	30.00%	(1,876)	(563)	Associate
The Company	JDX	Taiwan	Production and sales of electronic components, etc.	7,000	-	700	45.16%	6,027	45.16%	(2,155)	(973)	Associate

Note 1. Share of profit/loss includes adjustments for upstream transactions between affiliates.

Note 2. Related transactions and closing balances have been eliminated from the consolidated financial statements.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

Investee in Mainland China	Major Business Items	Paid-in Capital (Note 4)	Investment Method	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Current Gains/Losses of Investee	The Company's Percentage of Direct or Indirect Ownership	Highest ownership during the period	Investment Profit or Loss Recognized in the Current Period	Ending Book Value of Investment	Repatriated Investment Income As of the End of Current Period	Remarks
					Outward Remittance (Note 4)	Recovery								
APAQ Wuxi	Production and sales of electronic components, etc.	1,203,719 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	128,881	100.00%	100.00%	128,881 Note 3	1,946,200	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	43,471 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	5,266	35.00%	35.00%	2,566 Note 3	47,611	-	
APAQ Hubei	Production and sales of electronic components, etc.	179,026 (USD5,500 thousand)	Note 2	120,550 (USD4,000 thousand)	55,713	-	176,263 (USD6,000 thousand)	28,955	100.00%	100.00%	28,955 Note 3	236,297	-	

2. Limits of reinvestments in Mainland China:

Accumulated Outward Remittance of Investment to Mainland China from Taiwan at the End of the Current Period (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Upper limit on investment authorized by MOEAIC
1,514,274 (USD47,700 thousand and RMB9,800 thousand)	1,624,994 (USD51,700 thousand and RMB9,800 thousand)	(Note 5)

Note 1: Investment in Mainland China indirectly through a third area.

Note 2: Direct investment in Mainland China.

Note 3. It was recognized based on financial statements of the same period audited by CPAs.

Note 4. The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD51,700 thousand and RMB9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2021, there was still an approved investment amount of USD4,000 thousand, which had yet to be remitted.

Note 5. The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

Independent Auditors' Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries (the "consolidated company") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the consolidated company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed by the Financial Supervisory Commission (FSC).

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the consolidated company in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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, 2021. These matters were addressed in our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not express a separate opinion on these matters. Key audit matters for the consolidated company's consolidated financial statements of the current period are stated as follows:

Inventory assessment

For accounting policies related to inventory assessment, please refer to Note IV(VIII) Inventory of the consolidated financial statements. For accounting estimates and assumption uncertainty for inventory assessment, please refer to Note V of the consolidated financial statements. Relevant details can be found in Note VI(IV) net inventory.

Description:

Since inventory is measured by the lower of cost and net realizable value, companies need to employ judgments and estimates to determine the net realizable value of inventory on the reporting date. Due to the rapid evolution in technology, the net realizable value fluctuates and potentially leads to significant changes. Therefore, the assessment for the allowance for price decline in inventories is one

of the important evaluation items for the accountant when auditing the consolidated company's consolidated financial report.

How our audit addressed the matter:

Our main audit procedure for the above-mentioned key matters includes obtaining the inventory aging report and checking the general ledger, selecting appropriate samples from the inventory aging report to compare with the transaction documents to verify that the inventory has been placed in the appropriate interval of the inventory aging report, understanding the management's strategy for calculating the net realizable value and checking relevant documents, evaluating the reasonableness of the inventory price decline and the policy for taking stock of obsolete and slow-moving inventories, assessing whether the inventory evaluation has been implemented in accordance with the established accounting policies, and evaluating whether the management's disclosure for allowance for price decline in inventories is reasonable.

Other Matters

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of APAQ TECHNOLOGY CO., LTD. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed by the Financial Supervisory Commission (FSC), 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 consolidated 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 consolidated 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 consolidated company's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatement may arise from fraud or error. Misstatements 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- I. 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.

- II. 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 consolidated company's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. 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 consolidated 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.
- V. 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.
- VI. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the consolidated company 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 of 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG Taiwan

Certified public accountant :

Securities Competent
Authority Approval No.

Jin-Guan-Zheng-Shen-Zi No.
: 1020002066
(88) Taiwan-Finance-Securities-VI-
18311

February 10, 2022

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheets

Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

		2021.12.31		2020.12.31				2021.12.31		2020.12.31	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents [Note VI(I)]	\$ 828,178	18	683,514	17	2100	Short-term loans [Note VI(X)]	\$ 1,306,000	28	865,000	21
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	138,239	3	138,474	4	2170	Accounts payable	411,098	9	430,730	11
1150	Notes receivable [Note VI(III)]	35,347	1	51,034	1	2180	Accounts payable - related parties [Note VII]	5,430	-	2,319	-
1170	Accounts receivable [Note VI(III)]	1,059,782	23	984,323	24	2201	Payroll and bonus payable	132,018	3	114,188	3
1180	Accounts receivable - related parties [Notes VI(III) & VII]	49,460	1	25,406	1	2213	Payables on equipment	40,938	1	24,001	1
1310	Inventories, net [Note VI(IV)]	697,174	15	544,367	13	2280	Lease liabilities - current [Note VI(XIII)]	7,985	-	9,001	-
1479	Other current assets [Note VI(VIII)]	61,535	1	55,156	1	2320	Bonds payable due within one year [Note VI(XII)]	-	-	248,676	6
		<u>2,869,715</u>	<u>62</u>	<u>2,482,274</u>	<u>61</u>	2399	Other current liabilities	<u>124,865</u>	<u>3</u>	<u>145,562</u>	<u>4</u>
								<u>2,028,334</u>	<u>44</u>	<u>1,839,477</u>	<u>46</u>
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	129,807	3	136,944	3	2540	Long-term loans [Note VI(XI)]	10,000	-	-	-
1550	Investments accounted for under the equity method [Note VI(V)]	83,075	2	45,737	1	2580	Lease liabilities - non-current [Note VI(XIII)]	11,502	-	17,782	-
1600	Property, plant and equipment [Note VI(VI)]	1,330,505	29	1,183,327	30			<u>21,502</u>	<u>-</u>	<u>17,782</u>	<u>-</u>
1755	Right-of-use assets [Note VI(VII)]	29,981	1	37,627	1	Total Liabilities		<u>2,049,836</u>	<u>44</u>	<u>1,857,259</u>	<u>46</u>
1780	Intangible assets [Note VI(IX)]	31,697	1	36,796	1	Equity [Note VI(XII) & (XVI)]:					
1840	Deferred income tax assets [Note VI(XV)]	54,401	1	45,859	1	3100	Share capital	889,535	19	845,248	21
1920	Refundable deposits [Note VIII]	26,263	-	26,351	1	3200	Capital surplus	765,757	17	561,362	14
1990	Other non-current assets [Note VI(VIII)]	46,377	1	41,682	1	3300	Retained earnings	995,384	22	858,029	21
		<u>1,732,106</u>	<u>38</u>	<u>1,554,323</u>	<u>39</u>	3400	Other equity	<u>(98,691)</u>	<u>(2)</u>	<u>(85,301)</u>	<u>(2)</u>
							Total equity	<u>2,551,985</u>	<u>56</u>	<u>2,179,338</u>	<u>54</u>
Total assets		<u>\$ 4,601,821</u>	<u>100</u>	<u>4,036,597</u>	<u>100</u>	Total liabilities and equity		<u>\$ 4,601,821</u>	<u>100</u>	<u>4,036,597</u>	<u>100</u>

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

	2021		2020	
	Amount	%	Amount	%
4110 Net sales revenue [Notes VI(XVIII) & VII]	\$ 2,822,408	100	2,384,625	100
5110 Cost of goods sold [Notes VI(XIX) & VII]	2,075,546	74	1,701,353	71
5950 Gross profit	746,862	26	683,272	29
6000 Operating expenses [Notes VI(XIX) & VII]:				
6100 Selling expenses	98,874	4	82,398	3
6200 Administrative expenses	154,558	5	143,270	6
6300 Research and development expenses	90,959	3	70,706	3
Total operating expenses	344,391	12	296,374	12
6900 Operating profit	402,471	14	386,898	17
7000 Non-operating income and expenses:				
7020 Other gains and losses [Notes VI(II) & (XX)]	42,809	1	39,314	2
7050 Finance costs [Notes VI(XII), (XIII) & (XX)]	(12,209)	-	(16,331)	(1)
7100 Interest income [Notes VI(XX) & VII]	2,678	-	2,153	-
7230 Foreign exchange gain (loss) [Note VI(XXI)]	(34,558)	(1)	(68,138)	(3)
7370 Share of profit or loss of associates accounted for under the equity method [Note VI(V)]	1,030	-	1,528	-
Non-operating income and expenses, net	(250)	-	(41,474)	(2)
7900 Net profit before income tax	402,221	14	345,424	15
7950 Less: Income tax expense [Note VI(XV)]	95,854	3	83,809	4
Net income for the period	306,367	11	261,615	11
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8316 Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	(7,371)	-	8,178	-
Total of items that may not be reclassified subsequently to profit or loss	(7,371)	-	8,178	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Financial statements translation differences of foreign operations	(7,523)	-	35,355	1
8399 Less: Income tax related to items that may be reclassified [Note VI(XV)]	1,504	-	(7,071)	-
Total of items that may be reclassified subsequently to profit or loss	(6,019)	-	28,284	1
8300 Other comprehensive income, net of tax	(13,390)	-	36,462	1
Total comprehensive income for the year	\$ 292,977	11	298,077	12
Earnings per share (Unit: NT\$) [Note VI(XVII)]				
9750 Basic earnings per share	\$ 3.49		3.10	
9850 Diluted earnings per share	\$ 3.43		2.96	

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

	Share capital			Retained earnings					Other equity items		Total	Total equity
	Share capital - common stocks	Capital collected in advance	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income		
Balance as of January 1, 2020	\$ 844,419	592	845,011	560,800	125,760	51,199	503,980	680,939	(114,755)	(7,008)	(121,763)	1,964,987
Net income for the period	-	-	-	-	-	-	261,615	261,615	-	-	-	261,615
Other comprehensive income for the period	-	-	-	-	-	-	-	-	28,284	8,178	36,462	36,462
Total comprehensive income for the year	-	-	-	-	-	-	261,615	261,615	28,284	8,178	36,462	298,077
Earnings appropriation and distribution:												
Appropriation of legal reserve	-	-	-	-	14,195	-	(14,195)	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	70,564	(70,564)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(84,525)	(84,525)	-	-	-	(84,525)
Conversion of convertible corporate bonds	829	(592)	237	562	-	-	-	-	-	-	-	799
Balance as of December 31, 2020	845,248	-	845,248	561,362	139,955	121,763	596,311	858,029	(86,471)	1,170	(85,301)	2,179,338
Net income for the period	-	-	-	-	-	-	306,367	306,367	-	-	-	306,367
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(6,019)	(7,371)	(13,390)	(13,390)
Total comprehensive income for the year	-	-	-	-	-	-	306,367	306,367	(6,019)	(7,371)	(13,390)	292,977
Earnings appropriation and distribution:												
Appropriation of legal reserve	-	-	-	-	26,161	-	(26,161)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(36,462)	36,462	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(169,012)	(169,012)	-	-	-	(169,012)
Conversion of convertible corporate bonds	44,287	-	44,287	204,395	-	-	-	-	-	-	-	248,682
Balance as of December 31, 2021	<u>\$ 889,535</u>	<u>-</u>	<u>889,535</u>	<u>765,757</u>	<u>166,116</u>	<u>85,301</u>	<u>743,967</u>	<u>995,384</u>	<u>(92,490)</u>	<u>(6,201)</u>	<u>(98,691)</u>	<u>2,551,985</u>

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

	2021	2020
Cash flows from operating activities:		
Income before income tax for the period	\$ 402,221	345,424
Adjustments:		
Income and expenses having no effect on cash flows		
Depreciation	210,643	204,253
Amortization	5,196	4,536
Interest expense	12,209	16,331
Interest income	(2,678)	(2,153)
Dividend income	(23,246)	(3,012)
Share of corporate profit recognized under the equity method	(1,030)	(1,528)
Loss on disposal of property, plant and equipment	674	249
Other non-cash expense (gain) items, net	971	758
Total income and expense items	202,739	219,434
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(85,266)	(156,802)
Inventories	(153,737)	(145,314)
Other operating assets	(6,264)	(23,691)
Accounts payable (including related parties)	(16,008)	115,144
Other operating liabilities	22,945	29,030
Total adjustments	(35,591)	37,801
Cash generated from operations	366,630	383,225
Interest received	2,678	2,153
Cash Dividends received	23,246	3,012
Interest paid	(10,806)	(11,952)
Income tax paid	(128,594)	(25,375)
Net cash generated from operating activities	253,154	351,063
Cash flows from investing activities:		
Financial assets at fair value through other comprehensive income - return of capital due to capital reduction	-	2,000
Financial assets at fair value through other comprehensive gains and losses - non- current	-	(8,000)
Acquisition of investments accounted for under the equity method	(37,000)	-
Acquisition of property, plant and equipment	(308,258)	(169,543)
Disposal of property, plant and equipment	14	-
Acquisition of intangible assets	(100)	(4,062)
Increase in refundable deposits	-	(556)
Increase in other non-current assets	(3,092)	(8,813)
Increase in prepayments for business facilities	(30,274)	(30,984)
Net cash used in investing activities	(378,710)	(219,958)
Cash flows from financing activities:		
Increase in short-term loans	531,699	380,000
Repayment of short-term loans	(90,699)	(439,236)
Long-term Borrowings	10,000	-
Repayment for bonds due	(1,100)	(1,300)
Repayment of lease principal	(9,459)	(9,043)
Cash dividends paid	(169,012)	(84,525)
Net cash flows generated from (used in) financing activities	271,429	(154,104)
Effect of exchange rate changes	(1,209)	5,560
Increase (decrease) in cash and cash equivalents	144,664	(17,439)
Cash and cash equivalents, beginning of the year	683,514	700,953
Cash and cash equivalents, end of the year	\$ 828,178	683,514

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

Independent Auditors' Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.

Opinion

We have audited the accompanying balance sheets of APAQ TECHNOLOGY CO., LTD. as at December 31, 2021 and 2020, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the parent company as at December 31, 2021 and 2020, 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 audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements." We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 parent company only financial statements for the year ended December 31, 2021. These matters were addressed in our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not express a separate opinion on these matters. Key audit matters for the consolidated company's consolidated financial statements of the current period are stated as follows:

Inventory assessment

For accounting policies related to inventory assessment, please refer to Note IV (VII) Inventory of the financial report. For accounting estimates and assumption uncertainty for inventory assessment, please refer to Note V of the parent company only financial statements. Relevant details can be found in Note VI(IV) net inventory.

Description:

Since inventory is measured by the lower of cost and net realizable value, companies need to employ judgments and estimates to determine the net realizable value of inventory on the reporting date. Due to the rapid evolution in technology, the net realizable value fluctuates and potentially leads to significant changes. Therefore, the assessment for the allowance for price decline in inventories is one of the important evaluation items for the accountant when auditing the Company's parent company only financial report.

How our audit addressed the matter:

Our main audit procedure for the above-mentioned key matters includes obtaining the inventory aging report and checking the general ledger, selecting appropriate samples from the inventory aging report to compare with the transaction documents to verify that the inventory has been placed in the appropriate interval of the inventory aging report, understanding the management's strategy for calculating the net realizable value and checking relevant documents, evaluating the reasonableness of the inventory price decline and the policy for taking stock of obsolete and slow-moving inventories, assessing whether the inventory evaluation has been implemented in accordance with the established accounting policies, and evaluating whether the management's disclosure for allowance for price decline in inventories is reasonable.

Responsibilities of Management and Governing Bodies for the parent company only financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatement may arise from fraud or error. Misstatements 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Investee companies accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company 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 parent company only financial statements of 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG Taiwan

Certified public accountant :

Securities Competent
Authority Approval No.
February 10, 2022

Jin-Guan-Zheng-Shen-Zi No. 1020002066
: (88) Taiwan-Finance-Securities-VI-18311

APAQ TECHNOLOGY CO., LTD.

Balance Sheets

Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

		2021.12.31		2020.12.31				2021.12.31		2020.12.31	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents [Note VI(I)]	\$ 564,129	12	406,447	10	2100	Short-term loans [Note VI(X)]	\$ 1,306,000	29	865,000	22
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	138,239	3	138,474	4	2170	Accounts payable	12,910	-	16,120	-
1170	Accounts receivable [Note VI(III)]	888,260	20	796,098	20	2180	Accounts payable - related parties [Note VII]	441,656	10	415,060	11
1180	Accounts receivable - related parties [Notes VI(III) & VII]	52,152	1	30,684	1	2201	Payroll and bonus payable	88,640	2	82,181	2
1210	Other accounts receivables - related parties [Note VII]	94,564	2	5,665	-	2213	Payables on equipment	6,175	-	3,354	-
1310	Inventories, net [Note VI(IV)]	210,757	5	189,147	5	2280	Lease liabilities - current [Note VI(XIII)]	7,985	-	9,001	-
1479	Other current assets [Note VI(VIII)]	6,918	-	7,498	-	2320	Bonds payable due within one year [Note VI(XII)]	-	-	248,676	7
		1,955,019	43	1,574,013	40	2399	Other current liabilities	70,285	2	70,229	2
								1,933,651	43	1,709,621	44
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	129,807	3	136,944	4	2540	Long-term loans [Note VI(XI)]	10,000	-	-	-
1550	Investments accounted for under the equity method [Note VI(V) and VII]	2,221,959	49	1,985,178	51	2580	Lease liabilities - non-current [Note VI(XIII)]	11,502	-	17,782	-
1600	Property, plant and equipment [Note VI(VI)]	87,635	2	93,632	2			21,502	-	17,782	-
1755	Right-of-use assets [Note VI(VII)]	19,214	1	26,527	1		Total Liabilities	1,955,153	43	1,727,403	44
1780	Intangible assets [Note VI(IX)]	31,413	1	36,384	1		Equity [Note VI(XII) & (XVI)]:				
1840	Deferred income tax assets [Note VI(XV)]	54,401	1	45,859	1	3100	Share capital	889,535	20	845,248	22
1920	Refundable deposits [Note VIII]	4,527	-	4,527	-	3200	Capital surplus	765,757	17	561,362	14
1990	Other non-current assets [Note VI(VIII)]	3,163	-	3,677	-	3300	Retained earnings	995,384	22	858,029	22
		2,552,119	57	2,332,728	60	3400	Other equity	(98,691)	(2)	(85,301)	(2)
							Total equity	2,551,985	57	2,179,338	56
							Total liabilities and equity	\$ 4,507,138	100	3,906,741	100
Total assets		\$ 4,507,138	100	3,906,741	100						

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD.
Statements of Comprehensive Income
Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

	2021		2020	
	Amount	%	Amount	%
4110 Net sales revenue [Notes VI(XVIII) & VII]	\$ 2,330,432	100	2,012,954	100
5110 Cost of goods sold [Notes VI(IV),(XIX) & VII]	1,897,882	81	1,583,203	79
5950 Gross profit	432,550	19	429,751	21
5910 Add: Unrealized sales profit and loss [Note VII]	(4,524)	-	(4,700)	-
5900 Realized gross profit	428,026	19	425,051	21
6000 Operating expenses [Notes VI(XIX) & VII]:				
6100 Selling expenses	56,399	2	50,198	2
6200 Administrative expenses	89,121	4	91,546	5
6300 Research and development expenses	90,964	4	70,706	4
Total operating expenses	236,484	10	212,450	11
6900 Operating profit	191,542	9	212,601	10
7000 Non-operating income and expenses:				
7020 Other gains and losses [Notes VI(II) & (XX)]	29,432	1	11,791	1
7050 Finance costs [Notes VI(XII), (XIII) & (XX)]	(11,976)	(1)	(15,144)	(1)
7100 Interest income [Notes VI(XX) & VII]	3,405	-	2,594	-
7230 Foreign exchange gain (loss) [Note VI(XXI)]	(17,535)	(1)	(26,009)	(1)
7370 Share of profit or loss of associates accounted for under the equity method [Note VI(V)]	153,072	7	112,870	6
Non-operating income and expenses, net	156,398	6	86,102	5
7900 Net profit before income tax	347,940	15	298,703	15
7950 Less: Income tax expense [Note VI(XV)]	41,573	2	37,088	2
Net income for the period	306,367	13	261,615	13
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8316 Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	(7,371)	-	8,178	-
Total of items that may not be reclassified subsequently to profit or loss	(7,371)	-	8,178	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Financial statements translation differences of foreign operations	(7,523)	-	35,355	2
8399 Less: Income tax related to items that may be reclassified [Note VI(XV)]	1,504	-	(7,071)	-
Total of items that may be reclassified subsequently to profit or loss	(6,019)	-	28,284	2
8300 Other comprehensive income, net of tax	(13,390)	-	36,462	2
Total comprehensive income for the year	\$ 292,977	13	298,077	15
Earnings per share (Unit: NT\$) [Note VI(XVII)]				
9750 Basic earnings per share	\$	3.49		3.10
9850 Diluted earnings per share	\$	3.43		2.96

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD.
Statements of Change in Equity
Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

	Share capital			Retained earnings					Other equity items			
	Share capital - common stocks	Capital collected in advance	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income	Total	Total equity
Balance as of January 1, 2020	\$ 844,419	592	845,011	560,800	125,760	51,199	503,980	680,939	(114,755)	(7,008)	(121,763)	1,964,987
Net income for the period	-	-	-	-	-	-	261,615	261,615	-	-	-	261,615
Other comprehensive income for the period	-	-	-	-	-	-	-	-	28,284	8,178	36,462	36,462
Total comprehensive income for the year	-	-	-	-	-	-	261,615	261,615	28,284	8,178	36,462	298,077
Earnings appropriation and distribution:												
Appropriation of legal reserve	-	-	-	-	14,195	-	(14,195)	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	70,564	(70,564)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(84,525)	(84,525)	-	-	-	(84,525)
Conversion of convertible corporate bonds	829	(592)	237	562	-	-	-	-	-	-	-	799
Balance as of December 31, 2020	845,248	-	845,248	561,362	139,955	121,763	596,311	858,029	(86,471)	1,170	(85,301)	2,179,338
Net income for the period	-	-	-	-	-	-	306,367	306,367	-	-	-	306,367
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(6,019)	(7,371)	(13,390)	(13,390)
Total comprehensive income for the year	-	-	-	-	-	-	306,367	306,367	(6,019)	(7,371)	(13,390)	292,977
Earnings appropriation and distribution:												
Appropriation of legal reserve	-	-	-	-	26,161	-	(26,161)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(36,462)	36,462	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(169,012)	(169,012)	-	-	-	(169,012)
Conversion of convertible corporate bonds	44,287	-	44,287	204,395	-	-	-	-	-	-	-	248,682
Balance as of December 31, 2021	\$ 889,535	-	889,535	765,757	166,116	85,301	743,967	995,384	(92,490)	(6,201)	(98,691)	2,551,985

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD.
Statements of Cash Flows
Years ended on December 31, 2021 and 2020

Unit: NT\$ thousand

	2021	2020
Cash flows from operating activities:		
Income before income tax for the period	\$ 347,940	298,703
Adjustments:		
Income and expenses having no effect on cash flows		
Depreciation	39,866	38,398
Amortization	5,071	4,445
Interest expense	11,976	15,144
Interest income	(3,405)	(2,594)
Dividend income	(23,246)	(3,012)
Share of corporate profit recognized under the equity method	(153,072)	(112,870)
Loss (gain) on disposal and retirement of property, plant and equipment	(3,058)	(3,450)
Unrealized sale profits between associates	4,524	4,700
Other net expenses having no effect on cash flows	-	3,315
Total income and expense items	(121,344)	(55,924)
Changes in operating assets and liabilities:		
Accounts receivable	(92,162)	(143,458)
Accounts receivable - related parties	(21,468)	1,599
Other accounts receivable - related parties	(6,261)	(6,874)
Inventories	(21,610)	(58,123)
Other operating assets	581	147
Accounts payable	(3,210)	7,102
Payables to related parties	26,596	46,534
Other operating liabilities	2,614	34,319
Total adjustments	(236,264)	(174,678)
Cash generated from operations	111,676	124,025
Interest received	2,153	5,039
Cash Dividends received	23,246	3,012
Interest paid	(10,806)	(10,240)
Income tax paid	(44,775)	(9,794)
Net cash generated from operating activities	81,494	112,042
Cash flows from investing activities:		
Financial assets at fair value through other comprehensive income - return of capital due to capital reduction	-	2,000
Financial assets at fair value through other comprehensive gains and losses - non-current	-	(8,000)
Acquisition of investments accounted for under the equity method	(92,713)	(194,350)
Proceeds from purchases of property, plant and equipment	(19,459)	(4,959)
Disposal of property, plant and equipment	14	-
Decrease in other receivables - related parties	(81,385)	121,654
Acquisition of intangible assets	(100)	(3,843)
Increase in other financial assets	-	(556)
Increase in other non-current assets	(908)	(408)
Increase in prepayments for business facilities	(690)	(2,113)
Net cash used in investing activities	(195,241)	(90,575)
Cash flows from financing activities:		
Increase in short-term loans	531,000	380,000
Repayment of short-term loans	(90,000)	(353,215)
Increase in long-term loans	10,000	-
Repayment for bonds due	(1,100)	(1,300)
Repayment of lease principal	(9,459)	(9,043)
Cash dividends paid	(169,012)	(84,525)
Net cash flows generated from (used in) financing activities	271,429	(68,083)
Increase (decrease) in cash and cash equivalents	157,682	(46,616)
Cash and cash equivalents, beginning of the year	406,447	453,063
Cash and cash equivalents, end of the year	\$ 564,129	406,447

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-dong Lin

Accounting Manager: Pei-Ling Li

APAQ TECHNOLOGY CO., LTD.**Issuance Plan of New Restricted Employee Shares in 2022****Offer amount**

It is up to 3,000,000 ordinary shares at a par value of NT\$10 per share, with a total amount of NT\$30,000,000. The company may, within one year from the date of the resolution of the shareholders' meeting, register in installments.

Within one year from the date of delivery of the effective reporting notification by the competent authority, the shares may be issued once or in installments, depending on actual needs. The chairman shall be authorized by the Board of Directors to set the actual issuance date.

Conditions for Issuing

(I.) Offering price: Stock grants.

(II.) Type of shares to be issued: New ordinary shares of the Company.

(III.) Vesting conditions:

1. After the issuance of new restricted employee shares (i.e., the base date of capital increase), any employee remains in office whose personal performance met the target set by the company in the year prior to the expiration, is eligible for the new shares under the following vesting conditions respectively:

- (1) 1 year of service: 20% of the allotted shares.
- (2) 2 years of service: 20% of the allotted shares.
- (3) 3 years of service: 20% of the allotted shares.
- (4) 4 years of service: 20% of the allotted shares.
- (5) 5 years of service: 20% of the allotted shares.

2. The aforementioned "personal performance" refers to the annual assessment of B+ or above.

3. After the allotment of new restricted employee shares, in case of gross negligence such as violation of labor contract, work rules or company regulations, the employee shall be deemed to have not satisfied the vesting conditions.

(IV.) Handling of employee's failure to meet the vesting conditions or inheritance: In case of any employee fails to meet any of the vesting conditions after being allocated with new restricted employee shares issued by the company, the Company shall have the right to take back such granted shares not satisfy with the vesting conditions without compensation and cancel the shares. All other matters shall be handled in accordance with the issuance rules formulated by the Company.

(V.) Restricted rights of employees after allotment of new shares but before the vesting conditions are met:

1. During the vesting period, employees shall not sell, pledge, transfer, donate, set up, or otherwise dispose of the restricted employee shares.
2. The rights and obligations of attendance, proposal, speech and voting rights at the shareholders' meeting shall be the same as those of the company's issued ordinary shares and shall be governed by the trust custody contract.
3. Restrictions on share allotment (subscription) and dividends distribution rights of shareholders: The rights and obligations such as allotment of shares, dividends distribution and participation in cash subscription for capital increase during the vesting period shall be the same as those of the company's issued ordinary shares, and are not required for trust

custody.

4. During the period from the closing date of the company's stock grants, the closing date of cash dividends, the closing date of cash subscription for capital increase, the share transfer registration suspension period of shareholders' meeting as stipulated in Article 165, Item 3 of the Company Act, or any other transfer closing period as a matter of fact to the base date of rights allotment, the time and procedure for lifting restrictions on the vested shares of employees who satisfy the vesting conditions shall be governed by the trust custody contract or relevant regulations.

Employee Qualifications and the Eligible Number of Shares Allocated

- (I.) Qualifications are limited to the full-time employees of the company and affiliated companies both at home and abroad on the grant date of the new restricted employee shares.
- (II) The employees eligible for granting and the actual number of new restricted employee shares granted shall be approved by the chairman and submitted to the board of Directors for resolution after taking into account such factors as seniority, title, work performance, overall contribution, special merits or other conditions for management reference, as well as the company's strategic needs for operation and business development; provided that, it shall be subject to the approval of the Remuneration Committee for directors who are also a manager and an employee of the company.
- (III.) The number of shares allotted to a single employee shall be governed by the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

Necessary Reasons for the Issuance of New Restricted Employee Shares

To retain and attract professional talents needed by the company, motivate employees and enhance the cohesion-force of employees, so as to create the common interests of the company and its shareholders

Amount that may be Expensed, the Dilution of Earnings per Share of the Company and Other Matters Affecting Shareholders' Equity

- I. Amount that may be expensed:
The company shall measure the fair value of the shares on the date of grant, and recognize the related expenses by year during the vesting period. The possible expensed amount estimated based on the closing price on May 9, 2022 (the day before the board meeting) is approximately NT\$150,600 thousand. The amount of expenses to be apportioned each year from 2022 to 2027 is estimated to be NT\$20,080 thousand, NT\$30,120 thousand, NT\$30,120 thousand, NT\$30,120 thousand and NT\$10,040 thousand respectively.
- II. Dilution of earnings per share of the company and other matters affecting shareholders' equity:
Based on the 88,953,514 shares issued by the company on May 9, 2021, the impact on earnings per share from 2022 to 2027 is calculated as NT\$0.23, NT\$0.34, NT\$0.34, NT\$0.34, NT\$0.34 and NT\$0.11 respectively, which would have no material impact on shareholders' equity.

Other Important Agreements (Including Stock Trust Custody, etc.)

The new restricted employee shares issued by the company shall be handled in the form of stock trust custody.

APAQ Technology Co., Ltd.
Rules of Procedure for Shareholders' Meetings

Shareholders' Meetings on August 24, 2021

- I. Unless otherwise provided in the statute, the shareholders' meeting of the Company shall be governed by the Procedures.
- II. 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. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in. Attendance and voting at a shareholders' meeting shall be calculated based the number of shares.
- III. The venue for a shareholders' meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall not begin earlier than 9 a.m. or later than 3 p.m.
- IV. 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 chairperson shall act in place of the chairman; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. 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.
- V. 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. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- VI. The Company shall record the proceedings of a board meeting in their entirety in audio or video, and retain the recorded materials for at least 1 year.
- VII. The chair shall call the meeting to order at the appointed meeting time. 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 1 hour, may be made. 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 Article 175, paragraph 1 of the Company Act "When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- VIII. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chairman shall 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, the shareholder shall not request the chairman to resume the meeting at the same or another place; If the chairman declares the meeting adjourned in violation of the rules of procedure, a new chair shall be elected by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- IX. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman. 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 shall not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.
- X. Except with the consent of the chairman, a shareholder shall 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 chairman may terminate the speech. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. When a meeting is in progress, the chair may announce a break based on time considerations.

- XI. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. 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.
- XII. When the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and call for a vote.
- XIII. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote. Except as otherwise provided in the Company Act and in the Articles of Incorporation of the Company, 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, it shall be deemed to have been adopted after the chairman has asked the opinions of all shareholders present that there is no objection, and it shall have the same effect as a vote.
- XIV. 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.
- XV. The chairman 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". 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.
- XVI. The establishment of these Rules were adopted by the shareholders' meeting on June 25, 2013. The same procedure shall be followed when the Rules have been amended.
The first amendment to these Rules was made on the shareholders' meeting on June 12, 2014.
The second amendment to these Rules was made on the shareholders' meeting on June 24, 2021.

APAQ Technology Co., Ltd.
Articles of Incorporation (Before Amendment)

Shareholders' Meetings on June 17, 2020

Article 1 Article 1 The Company is organized in accordance with the provisions of the Company Act for limited liability companies, and is named as "鈺邦科技股份有限公司" (English name is "APAQ TECHNOLOGY CO., LTD. ").

Article 2 The Company's business scope is as follows:
CC01080 Electronic Parts and Components Manufacturing CC01110 Computers and Peripheral Equipment Manufacturing E603050 Automatic Control Equipment Engineering F401010 International Trade I501010 Product Designing
Research, development, manufacturing, and sales for the following products:
Aluminum Solid Capacitor, Aluminum Liquid Electrolytic Capacitor and General Electronic Components

Article 3 The Company set up its head office in the Hsinchu Science Park, and may establish branches at home and abroad upon the resolution of the board of directors and approval the competent authority if necessary.

Article 4 The Company's investments shall be made according to the resolution of the board of directors of the Company. The total amount of the Company's investments in other companies may exceed forty percent of the amount of its own paid-in capital.

Chapter 2 Shares

Article 5 The total capital of the Company is set as NT\$2 billion, divided as 200 million shares with a par value of NT\$10 per share. All the shares are registered ordinary shares and issued in installments. The unissued shares shall be issued by the resolution of the board of directors according to actual needs. Of which, NT\$60 million is reserved, divided as 6 million shares with a par value of NT\$10 per share, which are used for the issuance of employee stock warrants.

The Company shall, with the consent of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares, transfer shares to employees at less than the average actual share repurchase price, or issue employee stock warrants at a discount to the closing price of the Company's common shares on the issue date.

Article 6 The shares of the Company are all registered shares, shall be numbered, signed or sealed by or affixed with the seals of the directors on behalf of the Company, and shall be issued upon the approval of the certified bank pursuant to the law. The Company may be exempted from printing any share certificate for the shares issued, and shall register the issued shares with a centralized securities depository enterprise.

Article 6-1 Deleted.

Article 7 Article 7 Shareholders shall provide on file their specimen chop to the Company for recordation and use the same specimen chop to claim dividends and bonuses, or exercise the rights. The transfer, gift, establishment and termination of pledge right, loss, damage or other matters of shares shall be handled in accordance with the relevant laws and regulations.

Article 8 The Company shall not handle any requests for transfers of shares within 60 days prior to a

regular shareholders' meeting, 30 days prior to a special shareholders' meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests.

Chapter 3 Shareholders' meeting

- Article 9 Shareholders' meetings of the Company are of two kinds:
I. Regular shareholders' meetings, which shall be convened by at least once a year by the Board of Directors within six months after close of each fiscal year.
II. Special shareholders' meeting, which shall be convened when necessary according to law.
- Article 10 Article 10 The shareholders' meeting shall be chaired by the chairperson of the board. In case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting Chairman of the board of directors. 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.
- Article 11 A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and a notice of the date, place and reasons to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. With the consent of addressees, the meeting notice on convening a shareholders' meeting may be given in electronic form.
- Article 12 Deleted.
- Article 13 In case a shareholder is unable to attend a meeting of the board of directors, he or she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. 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, if the voting rights represented by that proxy exceed three percent of the voting rights represented by the total number of issued shares, the voting rights in excess of that percentage shall not be included in the calculation. The proxy form referred to in the preceding paragraph shall be delivered to the Company five days prior to the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail; provided that this restriction shall not apply to those who declare to revoke the power of attorney.
- Article 14 Except in the circumstances otherwise provided for in relevant laws and regulations, a shareholder of the Company shall have one voting right in respect of each share in his/her/its possession.
- Article 15 Unless otherwise provided for in the Company Act, the resolution at the meeting of shareholders shall be adopted by a majority of the shareholders present who represent majority of the total number of its outstanding shares. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes, specifying the date and place of the meeting, the number of shareholders present, the number of shares represented, the number of voting rights, the name of the chairman, the items of the resolutions and the method of the resolutions. The meeting minutes shall be signed or sealed by the chair of the meeting, and shall be retained on the board of directors of the Company together with the attendance book and sign-in cards of the attending shareholders and proxy form for attendance, with a retention period governed by Article 183 of the Company Act. The meeting minutes shall be distributed to the shareholders within 20 days after the meeting in accordance with relevant regulations.

Chapter 4 Directors, Audit Committee and Managers

- Article 16 The Company has 5 to 9 directors, and adopts the candidate nomination system set out in Article 192-1 of the Company Act. Shareholders shall elect directors from among those listed in the slate of director candidates for a term of three years and may be eligible for re-

election.

The Company may obtain Directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship. The board of directors is fully authorized to handle all matters relating to the liability insurance.

In accordance with Article 14-4 of Securities and Exchange Act, the Company has established an audit committee to exercise the powers instead of the supervisors. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener. Exercise by the audit committee of the powers and matters related thereto, shall be conducted in accordance with the provisions of the relevant laws and regulations, and shall be prescribed by the board of directors.

Article 16-1 The number of independent directors in preceding article shall not be less than three and no less than one fifth of the total number of directors. The professional qualifications, shareholding, concurrent posts restrictions, nomination and election methods of independent directors and other matters that should be complied with, shall be handled in accordance with the relevant laws and regulations of the securities competent authority.

In the process of electing directors, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. The independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

Article 16-2 Deleted.

Article 17 A board meeting shall be held quarterly by directors, with powers and duties as follows:

- I. I. Formulation of operating policy and review and implementation supervision of business plan.
- II. Appointment and dismissal of the chief executive officer, general manager and deputy general manager of the Company.
- III. III. Establishment and amendment of important rules, regulations and organization of the Company.
- IV. IV. Establishment and abolition of branches.
- V. V. Convening of shareholders' meeting.
- VI. VI. Resolution of major domestic and foreign investment proposals.
- VII. VII. Review of the Company's internal regulations and contracts for a period of more than one year.
- VIII. VIII. Election of chairman.
- IX. IX. Examination of budgets and final settlements.
- X. X. Making decision on loans matters.
- XI. XI. Proposals to shareholders' meetings for the amendments to the Articles of Incorporation, change of capital, dissolution or merger of the Company.
- XII. Proposals to shareholders' meetings for earnings distribution or covering of losses.
- XIII. XIII. Selection and delegation of CPAs.
- XIV. XIV. Other powers and duties stipulated in the Company Act and delegated by the shareholders' meeting.

Article 18 The board of directors of the Company shall, in accordance with the law, elect a chairman of the board directors from among the directors. The chairman of the board directors shall be the chairman of the board meeting and shall externally represent the Company.

- Article 19 Unless otherwise provided for in the Company Act, the board of directors meeting shall be convened by the chairman. In case the Chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the designation of his/her proxy shall be in accordance with the Company Act. A director who appoints another director to attend a board meeting shall issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting. The proxy referred to in the preceding paragraph may be the appointed proxy of only one person. Directors taking part in the board meeting via visual communication network shall be deemed to have attended the meeting in person.
- Article 19-1 The reasons for calling a board of Directors meeting shall be notified to each Director at least 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 served in writing, or by email or fax.
- Article 20 Deleted.
- Article 21 Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. However, the following matters shall be subject to the approval of two-thirds of the directors present at the meeting that shall be attended by a majority of all directors:
- I. Resolution of major domestic and foreign investment proposals.
 - II. Contracts for a period of more than one year.
 - III. Examination of budgets and final settlements.
- Article 22 Exercise by the audit committee of the powers and matters related thereto, shall be conducted in accordance with the provisions of the relevant laws and regulations, and shall be prescribed by the board of directors.
- Article 23 Deleted.
- Article 24 The remuneration of directors shall be determined by a meeting of shareholders.
- Article 25 The Company shall have one general manager, several deputy general managers.
The board of directors may, based on the needs of the organizational function of the Company, appoint a chief executive officer by adoption, who shall, in accordance with the adoptions of the board of directors, lead the managers referred to in the preceding paragraph to carry out the material decisions of the Company and all its related enterprises.
The appointment and dismissal of the chief executive officer and general manager shall be subject to the approval by a majority of the directors at a meeting attended by a majority of the directors. The appointment and dismissal of the deputy general manager shall be submitted by the general manager, and subject to the approval by a majority of the directors at a meeting attended by a majority of the directors.
The board of directors shall be authorized to determine the remuneration paid to managers according to their participation in the operation of the Company and the value of their contribution.
The manager referred to in paragraph 1 and paragraph 2 shall be held concurrently by a director.

Chapter 5 Accounting

- Article 26 The fiscal year of the Company begins on January 1 and ends on December 31 of each year. At the end of a fiscal year, the board of directors shall prepare the following reports and statements to be submitted to the shareholders' meeting for recognition in accordance with the law:
- I. Business Report
 - II. Financial Statements
 - III. Proposal for earnings distribution or covering of losses
- Article 27 If the Company has gained profits within a fiscal year, 8% or more of the profits shall be reserved as the employees' compensation, which shall be distributed by a resolution adopted by the board meeting in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements. The Company shall allocate not more than 3% of the proceeding profits as the remuneration of directors by a resolution adopted by the board meeting. The distribution plan of the remuneration to employees and directors shall be reported at the shareholders' meeting.
However, in case of the accumulated losses, certain profits shall first be reserved to cover them, and then reserve remuneration to employees and directors in accordance with the proportion

mentioned in the preceding paragraph.

- Article 27-1 In case of any earnings in the Company's annual final accounting, it shall first pay all taxes and dues and cover its previous losses in accordance with the law, then 10% of the earnings shall be reserved as the statutory surplus reserve; provided that this restriction shall not apply to the circumstances that the statutory surplus reserve has reached the paid-in capital of the Company. Provision or reversal of special surplus reserve shall be made from the remaining earnings in accordance with the law. If there are still earnings left over, the board of directors shall prepare a motion for the earnings distribution for the balance and accumulated retained earnings, and submit it to the board of shareholders for a resolution on dividend distribution.
- The Company is running in a changing industry with intensive capital and technology, in which the corporate life cycle is in the stage of stable operation growth, the Company must reserve the surplus to meet the operating growth and investment needs of the fund, thus a surplus dividend policy is adopted in present stage. The distribution of shareholder dividends, in cash or stock forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.
- Article 28 Deleted.
- Article 29 In addition to the remuneration for the directors prescribed in Article 27 of the Articles, the board of directors shall be authorized to determine the attendance fees for the directors of the Company referring to the standards of the same industry.
- Article 30 Deleted.

Chapter 6 Supplementary Provisions

- Article 31 The Company may undertake external guarantee business in accordance with government regulations.
- Article 32 Any matters not covered herein shall be handled in accordance with the requirements of the Company Act and other applicable laws and regulations.
- Article 33 These Articles of Incorporation were formulated by the sponsors' meeting with the consent of all the sponsors on December 23, 2005, and came into force on the date of approval and registration by the competent authority.
- The first amendment was made on July 7, 2006 and taken into effect by the resolution of the shareholders' meeting.
- The second amendment was made on June 26, 2009 and taken into effect by the resolution of the shareholders' meeting.
- The third amendment was made on June 25, 2010 and taken into effect by the resolution of the shareholders' meeting.
- The fourth amendment was made on June 22, 2011 and taken into effect by the resolution of the shareholders' meeting.
- The fifth amendment was made on June 22, 2012 and taken into effect by the resolution of the shareholders' meeting.
- The sixth amendment was made on June 25, 2013 and taken into effect by the resolution of the shareholders' meeting.
- The seventh amendment was made on June 12, 2014 and taken into effect by the resolution of the shareholders' meeting.
- The eighth amendment was made on June 23, 2015 and taken into effect by the resolution of the shareholders' meeting.
- The ninth amendment was made on June 23, 2016 and taken into effect by the resolution of the shareholders' meeting.
- The tenth amendment was made on June 20, 2017 and taken into effect by the resolution of the shareholders' meeting.
- The eleventh amendment was made on June 26, 2018 and taken into effect by the resolution of the shareholders' meeting.
- The twelfth amendment was made on June 19, 2019 and taken into effect by the resolution of the shareholders' meeting.
- The thirteenth amendment was made on June 17, 2020 and taken into effect by the resolution of the shareholders' meeting.

APAQ Technology Co., Ltd.

Procedures Governing the Acquisition or Disposition of Assets (Before Amendment)

- Article 1 Purpose
The procedure is established for the purpose of protecting assets and implementing disclosure of information.
- Article 2 Basis of Regulation
This disposition procedure is in accordance with the regulations of the Securities and Futures Bureau, Financial Supervisory Commission.
- Article 3 Scope of Assets
- I. Marketable securities: including stocks, bonds, corporate bonds, financial debentures, marketable securities of recognition funds, depository receipts, subscription (sale) warrants, beneficiary securities and asset-based securities.
 - II. Property (including land, buildings and construction, investment property, and inventory of construction industry) and equipment.
 - III. Membership cards.
 - IV. Intangible assets: including patents, copyrights, trademarks, licenses and other intangible assets.
 - V. Right-of-use assets.
 - VI. Debts of financial institutions (including receivables, discounted bills and loans, and collections).
 - VII. Derivatives.
 - VIII. Assets acquired or disposed of by merger, division, acquisition or transfer of shares.
 - IX. Other significant assets.
- Article 4 Investment in non-operating property and its right-of-use assets and marketable securities
The Company and each of its subsidiaries shall acquire the above-mentioned assets in the following amounts:
- I. The total amount of non-operating property and its right-of-use assets shall not exceed 30% of the Company's net worth.
 - II. The total amount of investment in marketable securities shall not exceed 200% of the Company's net worth.
 - III. The amount of investment in individual marketable securities shall not exceed 150% of the Company's net worth.
- Article 5 The Company may obtain an appraisal report or an opinion from an accountant, attorney or securities underwriter, and the professional appraiser and its appraisers, accountants, and attorneys or securities underwriters who invest in non-operating property and its right-of-use assets and marketable securities shall meet the following requirements:
- I. The appraiser has not been convicted of any violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Accounting Act, or of fraud, breach of trust, embezzlement, forgery, or for criminal conduct in business, and has not been sentenced to a determinate term of imprisonment of more than one year. However, this does not apply if the sentence is completed, or if three years have elapsed since the expiration of probation or pardon.
 - II. The parties to the transaction shall not be related parties or in a situation where they are substantially related to each other.
 - III. If an appraisal report is obtained from more than two professional appraisers, the different professional appraisers or appraisers shall not be related to each other or in a situation where they are substantially related to each other.
- Article 6 Procedures governing acquisition or disposition of property, equipment, or its right-of-use asset
- I. Appraisal and Operating Procedures

The acquisition or disposition of property, equipment, or its right-of-use assets by the Company shall be conducted in accordance with the relevant procedures of the Company's internal control system.

II. Procedures for Determining Transaction Conditions and Authorization Limits

- (I) When acquiring or disposing of property and its right-of-use assets, the Company shall make reference to the announced present value, assessed value, and actual transaction price of neighboring property to determine the transaction conditions and transaction price, and prepare an analysis report to submit to the chairman of the board of directors before proceeding in accordance with the Company's approval authority.
- (II) The Company shall acquire or dispose of equipment and its right-of-use assets by means of inquiry, comparison, bargaining or tender, and the transaction amount shall be subject to the Company's approval authority.
- (III) If the Company acquires or disposes of assets that shall be approved by the board of directors in accordance with the prescribed procedures or other legal requirements, the Company shall send the information of the directors' dissenting opinions to each supervisor if there is a record or written statement of the dissenting opinion of the directors. If the Company has established an independent director, it shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposition of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their objections or reservations in the minutes of the meeting. If the Company has established an audit committee, significant asset transactions shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.

III. Execution Unit

When the Company acquires or disposes of property, equipment, or its right-of-use assets, the Company shall submit its approval in accordance with the aforementioned approval authority, and the user unit and the management unit shall be responsible for execution.

IV. Valuation Report of Property, Equipment or Right-of-Use Assets

When the Company acquires or disposes of real property, equipment or its right-of-use assets, except for transactions with domestic government agencies, self-commissioned construction, construction on rented land, or acquisition or disposition of equipment or its right-of-use assets for business use, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, an appraisal report issued by a professional appraiser shall be obtained prior to the date of occurrence, and the following requirements shall be met:

- (I) If, for special reasons, a limited price, a specific price, or a special price is required as a reference for the transaction price, the transaction shall be submitted to the board of directors for approval; the same applies to any subsequent change in the terms of the transaction.
- (II) If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be requested to appraise the transaction.
- (III) In the event that the professional appraiser's appraisal result is one of the following, unless the appraisal result of the assets acquired is higher than the transaction amount or the appraisal result of the assets disposed of is lower than the transaction amount, the accountant shall be requested to comply with the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the R.O.C. (hereinafter referred to as the ARDF), and to express a specific opinion on the reasons for the difference and the fairness of the transaction price:
 - 1. Where the difference between the valuation result and the transaction amount is 20% or more of the transaction amount.

2. Where the difference between the appraisal results of two or more professional appraisers amounts to 10% or more of the transaction amount.
- (IV) The issuance date of the professional appraiser's report shall not exceed three months from the date of the contract. However, if it is applicable to the present value of the report of same period and not exceeding six months, an opinion shall be issued by the original professional appraiser.
- (V) If the Company acquires or disposes of assets through a court auction procedure, the appraisal report or the opinion of the account may be replaced by a certificate issued by the court.

Article 7 Procedures Governing the Acquisition or Disposition of Marketable Securities Investment, Procedures Governing the Acquisition or Disposition of Property, Equipment, or its Right-of-use Assets

II. Appraisal and Operating Procedures

The purchase and sale of the Company's marketable securities are conducted in accordance with the Company's internal control system, and investments in Mainland China are conducted in accordance with the regulations announced by the Investment Commission of the Ministry of Economic Affairs.

III. The procedures for determining the transaction conditions and authorization limits are in accordance with the relevant provisions of the Company's internal control system.

IV. Execution Unit

When the Company invests in marketable securities, the finance and accounting unit shall be responsible for the execution of the transaction after submitting the approval authority in accordance with the preceding paragraph.

V. Obtaining Expert Opinions

- (I) When the Company acquires or disposes of marketable securities, the Company shall obtain the most recent financial statements of the subject company audited or reviewed by an accountant for reference in evaluating the transaction price prior to the date of occurrence. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, an accountant should be consulted to express an opinion on the reasonableness of the transaction price prior to the date of occurrence. If an accountant requires an expert report, he or she should follow the provisions of Statement of Auditing Standards No. 20 issued by the ARDF. However, except when the marketable securities are publicly quoted in an active market or as otherwise specified by the Financial Supervisory Commission, the Company shall not be required to do so.
- (II) If the Company acquires or disposes of assets through a court auction procedure, the appraisal report or the opinion of the account may be replaced by a certificate issued by the court.

Article 8 Procedures Governing the Acquisition or Disposition of Marketable Securities Investment, Procedures Governing the Acquisition or Disposition of Property, Equipment, or its Right-of-use Assets, Procedures Governing the Related Party Transactions

- I. When the Company acquires or disposes of assets with a related party, in addition to the resolution procedures and evaluation of the reasonableness of the transaction conditions in accordance with Articles 6, 7, 9 and the following, the Company shall obtain an appraisal report or an opinion from a professional appraiser if the transaction amount reaches 10% or more of the Company's total assets in accordance with the provisions of Articles 6, 7 and 9. In addition, when determining whether the counterparty is a related party, in addition to the legal form of the transaction, consideration should be given to the substance of the relationship.

II. Appraisal and Operating Procedures

If the Company acquires or disposes of property or its right-of-use assets with a related party, or acquires or disposes of assets other than property or its right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more, the Company shall submit the following information, except for the purchase or sale of domestic bonds, bonds with buy-back or sell-back conditions, and the purchase or sale of monetary market funds issued by a domestic securities investment trust. The following information shall be submitted to the board of directors for approval and supervisors for acknowledgement before signing the transaction contract and making payment:

- (I) The purpose, necessity and expected benefits of the acquisition or disposition of the assets.
- (II) The reasons for selecting the related party as the target of the transaction.
- (III) The acquisition of property or its right-of-use assets from related parties is subject to the assessment of information related to the reasonableness of the predetermined transaction conditions in accordance with paragraphs (I) and (IV) of this Article III.
- (IV) The date and price of the original acquisition by the related party, the counterparty and its relationship with the Company and the related party.
- (V) A cash flow forecast for each month of the coming year starting from the contract month, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.
- (VI) The valuation report issued by the professional valuer obtained in accordance with Articles 6, 7 and 9, or the opinion of the accountant.
- (VII) Restrictions and other important provisions of the transaction.

The calculation of the amount of the foregoing transaction shall be made in accordance with paragraph (1)(VI) of Article 12, and the reference to within one year shall be retroactive to one year from the date of occurrence of the transaction, and the portion of the transaction that has been submitted to the board of directors for approval and recognition by the supervisors in accordance with these Procedures shall not be counted.

The board of directors may authorize the Chairman of the board of directors to decide on the following transactions between the Company and its parent company, subsidiaries, or subsidiaries directly or indirectly holding 100% of the outstanding shares or total capital, within a certain amount, and then submit them to the most recent board of directors for ratification:

- 1. Acquisition or disposition of equipment or its right-of-use assets for business purposes.
- 2. Acquisition or disposition of property or its right-of-use assets for business purposes.

If the Company has an independent director, the opinions of the independent directors shall be fully considered when the Company submits the proposal to the board of directors for discussion in accordance with the regulations. Any dissenting opinions or reservations of the independent directors should be set out in the minutes of the board meeting. If the Company has established an audit committee, the matters that shall be recognized by the supervisors in accordance with the regulations shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.

III. Evaluation of the Reasonableness of Transaction Costs

- (I) The Company shall evaluate the reasonableness of the transaction costs for acquiring property or its right-of-use assets from a related party based on the following methods:
 - 1. The transaction price of the related party, plus interest on necessary capital and costs that the buyer is legally obligated to pay. The necessary capital interest cost shall be

calculated based on the weighted average interest rate of the loans made by the Company in the year the assets are acquired, provided that it shall not be higher than the maximum borrowing rate for the non-financial sector announced by the Ministry of Finance.

2. If the related party has set up a collateralized loan with a financial institution, the financial institution shall assess the total value of the loan on the subject property, provided that the cumulative value of the actual loan by the financial institution on the subject property shall be at least 70% of the total assessed value of the loan and the period of the loan has been more than one year. However, this does not apply if the financial institution and one of the parties to the transaction are related parties.
- (II) If the Company jointly purchases or leases land and buildings of the same subject matter, the transaction costs of the land and buildings may be evaluated by any of the methods listed above.
- (III) When the Company acquires property or its right-of-use assets from a related party, the cost of the property or its right-of-use assets shall be evaluated in accordance with the provisions of paragraphs (I) and (II) of this Article, and an accountant shall be consulted to review and express specific opinions.
- (IV) If the Company acquires property or its right-of-use assets from a related party and the appraisal results are lower than the transaction price in accordance with the provisions of paragraphs (I) and (II) of this Article, the Company shall comply with the provisions of paragraph (V) of this Article. However, this shall not apply if objective evidence is presented and a specific opinion of reasonableness is obtained from a professional appraiser of property and an accountant due to the following circumstances:
 1. If the related party acquires prime land or leased land for rebuilding, he/she shall prove that one of the following conditions is met:
 - (1) The raw land is appraised in accordance with the method prescribed in the preceding Article, and the building is appraised on the basis of the related party's construction cost plus a reasonable profit from construction, the total of which exceeds the actual transaction price. The reasonable operating profit shall be based on the lower of the average operating margin of the related party's construction department for the last three years or the most recent gross profit margin of the construction industry published by the Ministry of Finance.
 - (2) Other transactions of other floors of the same subject premises or other non-affiliated transactions in the vicinity within one year, which are similar in size, and the terms of which have been evaluated on the basis of reasonable floor or area price differentials that should be used in property transactions or leasing practices.
 2. The Company certifies that the transaction conditions of the property purchased from a related party or the lease of the right-of-use assets of property are similar to those of other non-related party transactions in the neighboring area within one year with similar area. The above-mentioned transactions in the vicinity shall be based on the same or adjacent street contours and the distance from the subject of the transaction is less than 500 meters in circumference or the announced present value of the transaction is similar; the said similarity in size shall be based on other non-affiliated transactions where the area is not less than 50% of the subject of the transaction; the above-mentioned within one year is based on the date of the acquisition of property or its right-of-use assets and is retroactive. The aforementioned one-year period shall be retroactive to the date of acquisition of the property or its right to use.
- (V) If the Company acquires property or its right-of-use assets from a related party and the appraisal result is lower than the transaction price in accordance with paragraphs (I) and (II) of Article 3, the Company shall conduct the following. The Company and public companies whose investments in the Company are accounted for under the equity method and which are subject to the aforementioned provisions shall not utilize the special reserve until the assets acquired or leased at a higher price have been recognized as a loss on decline in value or disposed of or the lease terminated or appropriate compensation or restoration has been made, or other evidence has been provided to confirm that it is not unreasonable, and the Financial Supervisory Commission has approved the special reserve.

1. The Company shall provide a special reserve for the difference between the transaction price and the appraised cost of property or its right-of-use assets in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act, which shall not be distributed or transferred to additional paid-in capital. If the Company's investment in the Company is valued by the equity method and the investor is a public company, a special reserve shall also be provided in proportion to the Company's shareholding in accordance with the relevant provisions of the Securities and Exchange Act.
 2. The supervisor shall comply with the provisions of Article 28 of the Company Act. If the Company has an audit committee, the members of the audit committee shall be independent directors.
 3. The Company shall report to the shareholders' meeting on the handling of points 1 and 2 of subparagraph (V) of paragraph III of this article and disclose the details of the transactions in the annual report and the prospectus.
- (VI) If the Company acquires property from a related party under any of the following circumstances, the Company shall comply with the provisions of paragraphs 1 and 2 of this Article with respect to the evaluation and operating procedures, and the subparagraphs of (I), (II) and (III) of paragraphs III of this Article with respect to the evaluation of the reasonableness of the transaction cost shall not apply.
1. The related party acquires the property by inheritance or gift.
 2. The related party has contracted to acquire property more than five years after the date of this transaction.
 3. The Company acquires property by entering into a joint construction contract with a related party, or by contracting a related party for self-commissioned construction, construction on rented land, etc.
- (VII) If the Company acquires property or its right-of-use assets from a related party and there is other evidence that the transaction is not in accordance with business practices, the Company shall also comply with the provisions of subparagraph (V) of paragraph III of this Article.

Article 9 Procedures governing acquisition or disposition of intangible assets or its right-of-use assets or membership cards

II. Appraisal and Operating Procedures

The Company acquires or disposes of intangible assets or its right-of-use assets or membership cards in accordance with the relevant procedures related to the Company's internal control system.

III. Procedures for Determining Transaction Conditions and Authorization Limits

- (I) For the acquisition or disposition of membership card, the Company shall make reference to the fair market value, decide on the transaction conditions and the transaction price, and prepare an analysis report and submit it to the chairman of the board of directors. If the amount is less than 2‰ of the paid-in capital or NT\$3 million, the Company shall submit it to the chairman of the board of directors for approval and submit it to the board of directors at the latest board of directors' meeting afterwards.
- (II) When acquiring or disposing of an intangible asset or its right-to-use asset, an analysis report shall be prepared and submitted to the chairman of the board of directors with reference to expert appraisal reports or fair market prices, and a decision on the transaction conditions and transaction prices shall be made. If the amount is less than 10% of the paid-in capital or NT\$50 million, it shall be submitted to the chairman of the board of directors for approval and reported at the most recent board of directors' meeting afterwards.
- (III) If the Company acquires or disposes of assets that shall be approved by the board of directors in accordance with the prescribed procedures or other legal requirements, the Company shall send the information of the directors' dissenting opinions to each supervisor if there is a record or written statement of the dissenting opinion of the directors. If the Company has established an independent director, it shall take into full consideration the opinions of the independent directors when presenting the

transaction of acquisition or disposition of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their objections or reservations in the minutes of the meeting. If the Company has established an audit committee, significant asset transactions shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.

IV. Execution Unit

When the Company acquires or disposes of intangible assets or its right-of-use assets or membership cards, the Company shall submit the approval in accordance with the preceding approval authority, and then the user unit and the financial or administrative units shall be responsible for the execution.

V. Report of expert evaluation of intangible assets or its right-of-use assets or membership card

- (I) If the Company acquires or disposes of a membership card for a transaction amounting to 2% of the paid-in capital or NT\$1 million or more, the Company shall request an appraisal report from an expert prior to the date of occurrence.
- (II) If the Company acquires or disposes of intangible assets or its right-of-use assets for an amount of 10% of the paid-in capital or NT\$50 million or more, the Company shall request an appraisal report from an expert prior to the date of occurrence.
- (III) If the Company acquires or disposes of an intangible asset or its right-of-use asset or membership card for an amount of 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, except for transactions with domestic governmental authorities, request an accountant to express an opinion on the reasonableness of the transaction price prior to the date of occurrence, and the accountant shall comply with the provisions of Statement of Auditing Standards No. 20 issued by the ARDF.

Attachments 19-1: The calculation of the transaction amounts in Articles 6 to 9 shall be made in accordance with Paragraph 1 (VI) of Article 12, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year from the date of occurrence of the transaction, and the portion of the appraisal report or accountant's opinion issued by a professional appraiser that has been obtained in accordance with the provisions of this procedure shall not be counted.

Article 10 Procedures for acquiring or disposing of derivatives

I. Transaction Principles and Guidelines

- (I) Types of Transactions
Derivatives include forward, option, future, interest rate or exchange rate swap, as well as compound contracts and bond margin transactions that are a combination of the above.
- (II) Operating and Hedging Strategies
Derivative financial instruments should be traded for the purpose of hedging risk. The instruments traded should be selected to hedge the risks arising from the Company's business operations. The counterparties should also be selected as far as possible from the banks with which the Company normally has dealings to avoid credit risk. Before foreign exchange operations, the type of transaction must be clearly defined as a hedge or financial operation in pursuit of investment income as the basis for accounting.
- (III) Allocation of Authority and Responsibility
Finance unit:

1. Responsible for the strategy of foreign exchange operations for the entire company.
2. In response to changes in the foreign exchange market, the finance unit shall collect relevant information, determine trends and risk assessments, become familiar with financial products and legal regulations, consider the company's foreign exchange position, and prepare operating strategy plans, which shall be approved by the chairman of the board of directors for risk avoidance.
3. Regularly calculate the realized or possible future risk exposure and conduct hedging transactions in accordance with the authorized authority.

Accounting unit.

For each derivative transaction engaged by the financial unit for hedging purposes, the transaction and settlement documents should be reconciled with the transaction details notified by the finance unit, and the related accounting should be processed. In addition, telephone inquiries should be made to the counterparty and broker to ensure the correctness of the transaction details.

(IV) Trading Limit

1. Hedging limit:

The hedging limit should be set according to the realized and possible future parts in order to hedge the risks arising from the transactions.

- (1) The finance unit shall set the hedging limit at 100% of the monthly net foreign exchange exposure.
- (2) If the amount exceeds 100%, the approval of the chairman of the board of directors is required.
2. Financial (speculative) trading quota: Authorized to be performed by specific personnel, and must be approved by the chairman of the board of directors.

(V) Performance evaluation

1. Hedging transactions

- (1) According to the size of the foreign exchange position, the foreign exchange profit and loss target is set, and this target must be included in the performance evaluation and reviewed periodically.
- (2) The foreign exchange trading personnel try to achieve the budgeted target rate according to the type of financial instruments planned, and use this as the basis for performance evaluation.
- (3) Foreign exchange operators shall calculate the net exposure to risk to the management on a monthly basis for management and reference.

2. Financial Transactions

The net profit and loss statement for the month is prepared on a monthly basis for management's reference.

3. Setting of Loss Limits

- (1) The loss limit of the contract shall not exceed 20% of the contract amount.
- (2) In the case of a specific purpose contract, at any point in time, the amount of a single stop loss is set at USD30,000 and the overall stop loss is set at 3% of the total contract amount. Therefore, if the stop-loss amount is exceeded, the Company shall take appropriate contingency measures such as early settlement or backdating so that the loss will not be enlarged.

II. Risk Management Measures

(I) Credit risk management:

Since the market is subject to changes in various factors, which may cause operational risks of derivative financial instruments, market risk management is conducted in accordance with the following principles:

1. Trading counterparties: mainly domestic and foreign famous financial institutions.
2. Trading commodities: only commodities provided by recognized domestic and foreign financial institutions are allowed.
3. Transaction amount: The unhedged transaction amount of the same counterparty shall not exceed the approval authority, except for those approved by the chairman of the board of directors.

(II) Market risk management:

The Bank's open foreign exchange market is the main market.

(III) Liquidity risk management:

To ensure the liquidity of the market, the financial products are selected with a high degree of liquidity (i.e., readily available in the market), and the financial institution entrusted with the transaction must have sufficient information and the ability to trade in any market at any time.

(IV) Cash flow risk management

In order to ensure the stability of the Company's working capital turnover, the Company's source of funds for derivative trading is limited to its own funds, and the amount of its operations should take into account the projected cash flow requirements for the next three months.

(V) Operational Risk Management

1. The Company shall follow the authorized limits and operational procedures and incorporate internal audits to avoid operational risks.
2. The personnel engaged in derivatives trading, confirmation and settlement shall not work in parallel with each other.
3. Risk measurement, supervision and control personnel shall be in separate departments from those in the preceding paragraph, and shall report to the board of directors or to senior executives who are not responsible for trading or position decision making.
4. The positions held in derivative transactions shall be evaluated at least once a week, except for hedging transactions for business purposes, which shall be evaluated at least twice a month, and the evaluation report shall be sent to the senior management authorized by the board of directors.

(VI) Commodity Risk Management

Internal traders should have complete and accurate professional knowledge of financial instruments, and the Bank is required to fully disclose the risks in order to avoid misuse of financial instrument risks.

(VII) Legal Risk Management:

Documents signed with financial institutions should be examined by foreign exchange and legal advisors or legal professionals before they are formally signed to avoid legal risks.

III. Internal Audit System

- (I) Internal auditors shall periodically review the appropriateness of internal controls over derivative transactions, and monthly review the trading department's compliance with the procedures for handling derivative transactions and analyze the trading cycle to prepare an audit report. If a material breach is discovered, the supervisor shall be notified in writing. If the Company has established an audit committee, the Company shall notify all members of the audit committee in writing.

IV. Methods of Regular Evaluation

The Board of Directors shall authorize senior management to regularly monitor and evaluate whether derivative transactions are conducted in accordance with the Company's established trading procedures and whether the risks assumed are within the permitted range of commitments. If there are any abnormalities in the market price evaluation report (e.g., if the holding position exceeds the loss limit), the Company shall immediately report to the board of directors and take appropriate measures.

V. Principles of Supervision and Management by the Board of Directors when Engaging in Derivative Transactions

- (I) The board of directors shall designate senior management to monitor and control the risk of derivative transactions at all times, and the management principles are as follows.
1. Regularly evaluate whether the risk management measures currently in use are appropriate and ensure that they are handled in accordance with these guidelines and the Company's procedures for engaging in derivative transactions.
 2. Monitor the transactions and profit and loss, and take necessary countermeasures when irregularities are detected and report to the board of directors immediately. If

- the Company has independent directors, the board of directors should have independent directors present and express their opinions.
- (II) Regularly evaluate whether the performance of derivative transactions is in accordance with the established business strategies and the risks assumed, and whether the risks assumed are within the Company's tolerance.
 - (III) When the Company engages in derivative transactions, the Company shall report to the most recent board of directors afterwards if the Company authorizes the relevant personnel to handle such transactions in accordance with the established procedures for handling derivative transactions.
 - (IV) When the Company engages in derivative transactions, the Company shall establish a record book to record the type and amount of derivative transactions, the date of approval by the board of directors, and the matters that should be carefully evaluated in accordance with subparagraph (V) of paragraph II, subparagraph (I) of paragraphs V of this Article in the record book.
 - (V) If the Company acquires or disposes of assets that shall be approved by the board of directors in accordance with the prescribed procedures or other legal requirements, the Company shall send the information of the directors' dissenting opinions to each supervisor if there is a record or written statement of the dissenting opinion of the directors. If the Company has established an independent director, it shall take into full consideration the opinions of the independent directors when presenting the transaction of acquisition or disposition of assets to the board of directors for discussion in accordance with the regulations, and include the opinions and reasons for their objections or reservations in the minutes of the meeting. If the Company has set up an audit committee, significant derivative transactions shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.

Article 10 Handling of merger, division, acquisition or transfer of shares

I. Appraisal and Operating Procedures

- (I) The Company shall appoint an attorney, an accountant and an underwriter to discuss the estimated timetable of the statutory procedures in the event of a merger, division, acquisition or transfer of shares, and shall organize a designated group to carry out the procedures in accordance with the statutory procedures. In addition, before convening the board of directors' meeting to resolve the matter, the Company shall request the accountants, lawyers or securities underwriters to express their opinions on the reasonableness of the share exchange ratio, the acquisition price or the allotment of cash or other property to the shareholders and submit them to the board of directors for discussion and approval. However, the Company shall be exempted from obtaining an opinion of reasonableness from the foregoing expert in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock, or a merger between subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or total capital.
- (II) The Company shall prepare a public document to the shareholders prior to the shareholders' meeting, together with the expert opinion in subparagraph (I) of paragraph I of this Article and the notice of the shareholders' meeting, on the contents of the material agreements of the merger, division or acquisition and related matters, for the reference of whether to agree to the merger, division or acquisition. However, the shareholders may be exempted from convening a shareholders' meeting to resolve the merger, division or acquisition in accordance with other laws and regulations. In addition, if a shareholders' meeting of a company participating in a merger, division or acquisition cannot be convened or resolved due to insufficient

number of attendees, insufficient voting rights or other legal restrictions, or if the proposal is rejected by the shareholders' meeting, the company participating in the merger, division or acquisition shall immediately disclose to the public the reasons for the occurrence, the subsequent handling operations and the expected date of the shareholders' meeting.

Article 12 Other Notes

(I) Date of the Board Meeting:

Unless otherwise required by other laws or special factors, companies participating in a merger, division or acquisition shall convene a board of directors' meeting and a shareholders' meeting on the same day to resolve matters related to the merger, division or acquisition, unless prior approval of the Financial Supervisory Commission is obtained. Companies participating in share transfer shall convene a board of directors' meeting on the same day, unless otherwise required by other laws or special factors are reported to the FSC for prior approval.

(II) Confidentiality Undertaking.

All persons participating in or having knowledge of the merger, division, acquisition or share transfer plan of the Company shall give a written undertaking of confidentiality that they shall not disclose the contents of the plan to the public before the information is made public, nor shall they trade, on their own or in the name of others, all shares of the Company and other marketable securities of an equity nature in connection with the merger, division, acquisition or share transfer.

(III) Principles for determining and changing the share exchange ratio or acquisition price:

A company participating in a merger, division, acquisition or transfer of shares shall appoint an accountant, attorney or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, the acquisition price or the allotment of cash or other property to the shareholders and submit it to the shareholders' meeting before the board of directors' meetings of both parties. In principle, the share exchange ratio or the acquisition price may not be changed arbitrarily, unless the conditions for such change have been set forth in the contract and disclosed to the public. The conditions under which the share exchange ratio or the acquisition price may be changed are as follows:

1. Cash capital increase, issuance of convertible bonds, gratis allotment of shares, issuance of bonds with stock options, preferred shares with stock options, stock warrants and other marketable securities with equity nature.
2. Disposition of significant assets or other actions that affect the Company's financial operations.
3. The occurrence of a major disaster or a major technological change that affects the Company's shareholders' equity or the price of securities.
4. Any adjustment of the purchase of treasury stock by any party involved in a merger, division, acquisition or transfer of shares in accordance with the law.
5. Any change in the number of entities or companies involved in the merger, division, acquisition or transfer of shares.
6. Any other conditions that may be changed as provided for in the contract and that have been publicly disclosed.

(IV) Contents of the contract: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract of a merger, division, acquisition, or transfer of shares shall also contain the following matters.

1. The treatment of breach of contract.
2. The principles governing the treatment of treasury stock issued or repurchased prior to the dissolution or division of a company as a result of a merger.
3. The number of treasury shares that may be bought back by the participating company after the date of calculation of the share exchange ratio and the principles for handling such shares.
4. The treatment of any change in the number of participants.
5. The expected progress and completion schedule of the plan.

6. If the plan is not completed, the scheduled date of the shareholders' meeting shall be convened in accordance with the law, and other related procedures.
- (V) Changes in the number of companies participating in a merger, division, acquisition or transfer of shares: If any of the companies participating in a merger, division, acquisition or transfer of shares intends to merge, division, acquire or transfer shares with another company after the information has been made public, the participating company is exempted from convening a shareholders' meeting to resolve the matter again, except if the number of participants has been reduced and the shareholders' meeting has resolved and authorized the board of directors to change the authority. The procedures or legal acts that have been completed in the case of merger, division, acquisition or transfer of shares shall be repeated by all participating companies.
- (VI) If any company participating in the merger, division, acquisition or transfer of shares is not a public company, the Company shall enter into an agreement with such company and shall comply with the provisions of subparagraph (I) regarding the date of the meeting of the board of directors, subparagraph (II) regarding the prior confidentiality commitment, and subparagraph (V) regarding the change in the number of companies participating in the merger, division, acquisition or transfer of shares of paragraph II of this Article.
- (VII) Companies involved in mergers, divisions, acquisitions or share transfers that are listed or whose shares are traded on the business premises of securities dealers shall keep complete written records of the following information for five years for inspection:
 1. Basic personnel information: including the titles, names, and identification numbers (passport numbers in the case of foreign nationals) of all persons involved in the merger, division, acquisition, or share transfer plan or the execution of the plan before the information was made public.
 2. Date of important events: including the date of signing a letter of intent or memorandum of understanding, appointing a financial or legal advisor, signing a contract, and a board meeting.
 3. Significant documents and minutes: including merger, division, acquisition or share transfer plans, letters of intent or memorandum of understanding, material contracts and minutes of board meetings.

Companies involved in mergers, division, acquisitions or share transfers that are listed or whose shares are traded on the business premises of securities firms shall, within two days from the date of approval of the board of directors' resolution, report the information in items 1-2 of paragraph II (VII) of this Article to the Financial Supervisory Commission in the prescribed format and through the Internet information system for record purposes.

If a company involves in a merger, division, acquisition or transfer of shares is not a listed company or a company whose shares are traded on the securities market, the listed company or the company whose shares are traded on the securities market shall enter into an agreement with the company and shall follow the provisions of paragraph 2 (VII) of this Article.

Article 12 Procedures for Public Disclosure of Information

- I. Items to be announced and criteria for announcement and declaration and declaration
 - (I) Acquisition or disposition of property or its right-of-use assets with a related party, or acquisition or disposition of assets other than property or its right-of-use assets with a related party, where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more. However, there are no restrictions on the purchase and sale of domestic bonds or bonds with repurchase or repurchase conditions, or the purchase or repurchase of domestic monetary market funds issued by securities investment trusts.
 - (II) Merger, division, acquisition or transfer of shares.
 - (III) Engaging in derivative trading losses up to the maximum amount of losses on all or individual contracts as specified in the prescribed procedures.

- (IV) Acquisition or disposition of equipment or its right-of-use assets for business purposes, where the transaction is not with a related party, and the amount of the transaction meets one of the following requirements:
 - 1. When the paid-in capital is less than NT\$10 billion, and the transaction amount reaches NT\$500 million or more.
 - 2. When the paid-in capital reaches NT\$10 billion, and the transaction amount reaches NT\$1 billion.
- (V) If the Company acquires property by means of self-commissioned construction, construction on rented land, joint construction and division, joint construction and subdivision, or joint construction and sale, and the counterparty is not a related party with the transaction amount expected to reach NT\$500 million or more.
- (VI) The transaction amount of the assets or investment in Mainland China other than those in the preceding five subparagraphs reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the above does not apply to the situation as follows:
 - 1. Purchase or sale of domestic public bonds.
 - 2. Purchase or sale of bonds with repurchase or sell back conditions, or subscription or repurchase of monetary market funds issued by domestic securities investment trusts.
- (VII) The calculation of the transaction amount in paragraph 6 above is as follows. The amount within one year shall be based on the date of occurrence of the transaction and retroactive to one year, the part of which is not counted in accordance with the regulations.
 - 1. The amount of each transaction.
 - 2. The cumulative amount of transactions with the same counterparty of the same nature, acquired or disposed of within one year.
 - 3. The cumulative amount of acquisition or disposition (acquisition and disposition are accumulated separately) of property or its right-of-use assets of the same development project within one year.
 - 4. The cumulative amount of acquisition or disposition (acquisition and disposition, respectively) of the same marketable securities within one year.
- II. Time limit for making announcement and declaration
If the Company acquires or disposes of assets with the items to be announced in the first paragraph of this Article and the transaction amount reaches the standard to be announced and reported in this Article, the announcement and declaration shall be made within two days from the date of occurrence.
- III. Announcement and declaration procedures
 - (I) The Company shall announce and report the relevant information on the website designated by the Financial Supervisory Commission.
 - (II) The Company shall enter the information of the Company and its subsidiaries that are not domestic public companies that have engaged in derivative transactions as of the end of the previous month in the prescribed format on the website designated by the Financial Supervisory Commission on a monthly basis until the tenth day of each month.
 - (III) The Company shall re-announce and declare all the items that should be announced in accordance with the regulations within two days from the date of knowledge if there are errors or omissions in the announcement that should be corrected.
 - (IV) When the Company acquires or disposes of assets, the Company shall keep the relevant contracts, minutes, record, appraisal reports, and opinions of accountants, attorneys, or securities underwriters in the Company for at least five years, unless otherwise required by other laws.
 - (V) After a transaction is announced and declared in accordance with the provisions of this Article, the Company shall announce and declare the relevant information on the website designated by the Financial Supervisory Commission within two days from the date of occurrence under any of the following circumstances:
 - 1. The relevant contract signed in the original transaction has been changed, terminated or dissolved.

2. The merger, division, acquisition or transfer of shares is not completed according to the schedule of the contract.
3. There is a change in the content of the original announcement and declaration.

- Article 13 The Company's subsidiaries shall comply with the following regulations:
- I. The subsidiary shall also formulate and implement the "Procedures Governing the Acquisition or Disposition of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition or Disposition of Assets by Public Companies", which shall be approved by the board of directors of the subsidiary and submitted to the shareholders' meeting, and shall be amended in the same manner.
 - II. If a subsidiary is not a domestic public company, the acquisition or disposition of assets shall be announced and declared by the Company in accordance with Article 12.
 - III. The Company's paid-in capital or total assets shall be used as the basis for the announcement and declaration standards of the subsidiaries in relation to 20% of the paid-in capital or 10% of the total assets of the Company.
 - IV. If the Company's stock has no par value or the par value of each share is not NT\$10, the transaction amount of 20% of the paid-in capital under Articles 6 to 9, 12 and 13 shall be calculated based on 10% of the equity attributable to the owners of the parent company.
- Article 13-1 The 10% of total assets requirement of the procedures is calculated based on the amount of total assets in the most recent individual or separate financial statements as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- Article 14 **Penalty**
Any employee of the Company who undertakes to acquire or dispose of assets in violation of the provisions of this procedure shall be subject to periodic evaluation in accordance with the Company's personnel management regulations and shall be punished according to the severity of the case.
- Article 15 **Implementation and Amendment**
The Company's "Procedures Governing the Acquisition or Disposition of Assets" shall be approved by the board of directors and sent to the supervisors and submitted to the shareholders' meeting for approval, and shall be amended as well. If any director expresses dissent and there is a record or written statement, the Company shall send the dissenting information to each supervisor. If the Company has established an independent director, when the "Procedures Governing the Acquisition or Disposition of Assets" is submitted to the board of directors for discussion, the opinions of the independent directors shall be fully considered, and their opinions and reasons for objections or reservations shall be included in the minutes of the meeting. If the Company has established an audit committee, any amendment to the procedures for the acquisition or disposition of assets shall be approved by at least one-half of all members of the audit committee and submitted to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. All audit committee members and all directors shall be counted as the actual number of persons currently holding those positions.
- Article 16 **Supplementary Provisions**
- (I) Any matters not covered by this procedure shall be handled in accordance with the relevant laws and regulations.
 - (II) This procedure is established on June 25, 2013.
 - (III) This procedure was amended on June 12, 2014.
 - (IV) This procedure was amended on June 23, 2015.
 - (V) This procedure was amended on June 20, 2017.
 - (VI) This procedure was amended on June 26, 2018.
 - (VII) This procedure was amended on June 19, 2019.

APAQ Technology Co., Ltd.
Share Ownership of Directors

- I. As of the book closure date of the regular shareholders' meeting (April 23, 2022), the total number of shares issued by the Company: 88,953,514 shares.
- II. The minimum numbers of shares required to be held by all directors: 7,116,281 shares.
- III. As of the book closure date of the regular shareholders' meeting (April 23, 2022), the number of shares held by individual and all directors in the shareholders register is as follows:

Title	Name	The Number of Shares Held in the Shareholders Register as of the Book Closure Date (April 23, 2022)	Shareholding Ratio (%)
Chairman	Tun-Jen Cheng	2,964,358	3.33
Directors	Ching-Feng Lin	1,002,000	1.13
Directors	Huacheng Venture Capital Co., Ltd. Representative: Hsien-Yueh Hsu	10,668,012	11.99
Directors	INPAQ Technology Co., Ltd Representative: Ming-Tsan Tseng	4,776,329	5.37
Independent Director	Shu-Chien Liang	0	0
Independent Director	Chung-Ming Liu	0	0
Independent Director	Chia-Ning Chang	0	0
Total	Seven directors	19,410,699	21.82

APAQ Technology Co., Ltd.
Other Explanatory Materials

- I. The impact of share dividend on business performance, EPS, and shareholders' return rate:
 There is no proposed bonus share issuance at this regular shareholders' regular meeting of the Company, thus it is not applicable.
- II. Acceptance of Shareholders Proposal:
- (I) In accordance with Article 172-1 of the Company Act, shareholders holding one percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular shareholders' meeting in writing within 300 words, provided that only one matter shall be allowed in each single proposal.
- (II) The period in which the Company accepts shareholder proposals is from April 15, 2022 to April 25, 2022, which is published on the Market Observation Post System in accordance with the regulations.
- (III) The Company has not received any shareholder's proposals.