

Stock Code: 3067



全 | 域 | 股 | 份 | 有 | 限 | 公 | 司
PHONIC CORPORATION

2022 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Time : 9:00AM on Jun 17, 2022

**Place : B1F., No. 56, Ln. 316, Ruiguang Rd., Neihu Dist., Taipei City
114 , Taiwan (R.O.C.)**

(Changhong Ruiguang Technology Building)

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Phonic Corporation

Agenda for 2022 Annual General Shareholders' Meeting

1. Time : 9:00AM on Jun 17, 2022
2. Place : B1F., No. 56, Ln. 316, Ruiguang Rd., Neihu Dist., Taipei City 114 , Taiwan (R.O.C.)
3. Call the Meeting to Order
4. Chairman's Address
5. Report Items
 - (1) 2021 Business Report.
 - (2) 2021 Audit Committee's Review Report.
 - (3) Distribution of 2021 compensation to employees and remuneration to Directors
 - (4) The implementation of strengthening business plan on capital reduction for deficit compensation in 2021
6. Proposed Resolutions
 - (1) 2021 Business Report and Financial Statements
 - (2) 2021 Earnings Distribution
7. Discussion Items
 - (1) Amendment to the Articles of Incorporation.
 - (2) Amendment to the Rules of Procedure for Shareholder Meetings.
 - (3) Reformulate to the Procedures for Asset Acquisition or Disposal.
8. Extemporaneous Motions
9. Adjournment

Report Items

Item 1: 2021 Business Report.

Explanation:

Please refer to attachment 1 (Pages 11-13) for the 2021 business Report.

Item 2: 2021 Audit Committee's Review Report.

Explanation:

Please refer to attachment 2 (Pages 14) for the 2021 Audit Committee's Review Report.

Item 3: Distribution of 2021 compensation to employees and remuneration to Directors

Explanation:

1. Pursuant to Article 28 of the Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than two percent of the balance and the remuneration to Directors shall not be higher than one percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation.
2. The 2021 compensation to employees and remuneration to Directors were resolved and approved by the Board of Directors and Remuneration Committee at amounts of NT\$616,483(two percent of the balance) and NT\$308,241(one percent of the balance), respectively. The distribution is to be made in the form of cash.

Item 4: The implementation of strengthening business plan on capital reduction for deficit compensation in 2021

Explanation:

1. Pursuant to the Taipei Exchange Letter No. Securities-TPEX-Supervisory-1100010853 issued on October 7, 2021, the strengthening business plan shall be reported to the Board of Directors for management and control on a quarterly basis, and reported to the shareholders' meeting. In addition, when conducting the case of offering and issuing securities, the implementation should be assessed in detail.
2. Please refer to attachment 3 (Pages 15-16) for the implementation report of strengthening business plan on 2021.

Proposed Resolutions

Item 1: 2021 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

1. The Board prepared the consolidated financial statements and stand-alone financial statements for fiscal year 2021. The aforementioned financial statements were audited by independent auditors, Jia-Siang Wang and Ching-Chyuan Jhuo of Crowes (TW) CPAs Firm with an unqualified opinion. The aforementioned financial statements together with the business report and the statement of earnings distribution were reviewed and approved by Audit Committee which then issued an Audit Committee's review report.
2. The 2021 Business Report, Independent Auditors' report, and the aforementioned Financial Statements, please refer to attachment 1 (Pages 11-13) and attachment 4 (Pages 17-37).

Resolution :

Item 2: To approve the proposal for 2021 Earnings Distribution
(Proposed by the Board of Directors)

Explanation:

1. The company considers the capital needs of future operation and development, and will not plan to distribute surplus this year.
2. Please refer to the 2021 Earnings Distribution Statement as follows:

Phonic Corporation
2021 Statement of Earnings Distribution

Unit : : NTD Dollar

Items	Amount
Deficit to be compensated, beginning of period	(153,530,420)
Add:	
Capital reduction for loss compensation	90,252,400
Net income of 2021	94,102,141
Accumulated distributable earnings for the year	30,824,121
Appropriation : Legal reserve	(3,082,412)
Unappropriated earnings, end of period	27,741,709
Note : No dividend payment this year.	

Chairman : Tan, Hong - Xiang

Manager : Wang, Min-Lie

Account : Lin, Shih-Cyun

Resolution:

Discussion Items

Item 1: Amendment to the “Articles of Incorporation”(Proposed by the Board of Directors).

Explanation:

1. In accordance with the provisions of Article 172-2 of the Company Act, the shareholders' meeting of the company may be held by visual conference or in other method as per the announcement made by Ministry of Economic Affairs authority, and it is proposed to amend the Articles of Incorporation.
2. The Articles of Incorporation Amendment Comparison Table is as below:

Phonic Corporation

The comparison table of amendment to Articles of Incorporation

Amendment	Original article	Details :
Chapter Three Shareholders' Meeting Article 16-1: Shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.	Chapter Three Shareholders' Meeting	1. Adding a new article 2. In accordance to visual communication network related shareholder meetings articulated in Article 172-2 of the Company Act.
Article 31 : This Constitution was made at November 7, 1973. The first Amendment was on September 29, 1976. . . . The Twentieth Amendment on June 19, 2017. The Twenty-first Amendment on June 10, 2020. The Twenty-second Amendment on June 7, 2021. The Twenty-third Amendment on June 17, 2022.	Article 31 : This Constitution was made at November 7, 1973. The first Amendment was on September 29, 1976. . . . The Twentieth Amendment on June 19, 2017. The Twenty-first Amendment on June 10, 2020. The Twenty-second Amendment on June 7, 2021.	Add the date of this amendment.

Resolution :

Item 2: Amendment to the “Rules of Procedure for Shareholder Meetings”.
(Proposed by the Board of Directors)

Explanation:

1. In accordance with the provisions of Article 172-2 of the Company Act, the shareholders' meeting of the company may be held by visual conference, and it is proposed to amend the Rules of Procedure for Shareholder Meetings.
2. Please refer to attachment 5 (Pages 38-68) for amendment to Procedure for Shareholder Meetings.

Resolution:

Item 3: Reformulate to the “Procedures for Acquisition or Disposal of Assets”.
(Proposed by the Board of Directors)

Explanation:

1. In accordance with the Directive No. 1110380465 amendments to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” from the Financial Supervisory Commission on January 28, 2022, it is proposed to abolish and reformulate the company’s “Procedures for Acquisition or Disposal of Assets”.
2. Please refer to attachment 6 (Pages 69-91) for reformulated of the “Procedures for Acquisition or Disposal of Assets”.

Resolution :

Extemporary Motions

Adjournment

Attachment

Phonic Corporation
2021 Business Report

The 2021 Annual Operating Status and this year's outlook report are as follows:

1. Business plan implementation results:

The 2021 consolidated operating revenue is NT\$58,414 thousand, the total non-operating income and expenses is NT\$124,957 thousand, the totals of consolidated operating costs and expenses are NT\$84,091 thousand, the consolidated profit before tax is NT\$99,280 thousand; Net income is NT\$94,102 thousand, and EPS is NT\$4.71.

2. Budget implementation

The company did not publish financial forecasts for 2021 and therefore does not apply.

3. Cash Flows

Unit: Expressed in thousands of New Taiwan Dollars

Item	2020	2021
Cash inflow (outflow) generated from operating activities	(6,823)	3,881
Cash inflow (outflow) generated from investing activities	(1,549)	161,196
Cash inflow (outflow) generated from financing activities	13,447	28,095

4. Analysis of profitability

Item	2020	2021
Return on Total Assets Ratio(%)	-12.72	38.14
Return On Equity(%)	-14.47	45.87
Operating margin ratio to paid-in capital (%)	-9.56	-12.84
Pre-Tax Income as a percentage of paid-in capital (%)	-8.02	49.64
Net Profit Margin (%)	-40.40	161.09
Earnings Per Share (NTD)	-1.16	4.71

5. Research and development status

- (1) Develop fully automated digital products.
- (2) Develop audio and video products with streaming media function.
- (3) Optimize the audio and video equipment for engineering.
- (4) Develop small audio-visual products for personal use by the general consumer

Summary of 2022 Annual Business Plan

1. Management policy:

- (1) Consolidate the existing export market and actively develop new customer sources to increase sales
- (2) In response to the needs of personal audio and video in the post-epidemic era, we will enhance the innovative application of speakers to develop new products with potential.
- (3) Increase the turnover and profit margin of Phonic's own brand products, and increase the shipment of high value-added products to promote profit growth.

2. Expected sales volume and its basis:

The company does not need to announce financial forecasts for 2022, so there is no expected sales volume.

3. Important production and sales policy:

- (1) Invest in brand marketing and product differentiation to enhance brand status and increase sales
- (2) Develop products with high technical threshold and high unit price to increase revenue and profit.
- (3) Strengthen the flexibility and efficiency of business development and production processes.
- (4) Strengthen the ability and flexibility of supply chain management.

Future development strategy

Although the company's own brand products have been sold in mainstream channels around the world, we are still seeking innovation and progress in technology, extending our technical knowledge to other fields of professional audio, looking for new products with high niche potential, and maintaining brand competitiveness.

Today, the global entertainment equipment market is full of uncertainties due to the impact of the COVID-19 pandemic. People's entertainment behavior will also change after COVID-19 pandemic. In addition to strengthening business development and increasing sales orders for the professional audio business to consolidate the existing domestic and export markets, the company will also develop new products that are closer to consumers' general daily entertainment needs in response to personal audio and video needs, and increase product content to enhance business opportunities.

Influenced by the external competitive environment, regulatory environment and overall business environment

The safety requirements for engineering audio-visual equipment are relatively strict, but the company's long-term accumulated expertise and technology can still handle. And because professional audio has gradually moved towards digitalization, the company will also be committed to product research and development, process improvement. Improvement and expansion of marketing channels to meet market demand for product quality, cost, delivery time and service.

In the future, the company will also continue to design and develop products for various innovative applications and new products related to digital audio in response to the advent of the digital audio-visual age, and will continue to take into account the principles of safe operation and stable growth to have all shareholders support.

Chairman : Tan,Hong-Xiang

Manager : Wang,Min-Lie

Account : Lin, Shih-Cyun

Phonic Corporation
2021 Audit Committee's Review Report

The Board of Directors prepared the 2021 business report, consolidated and stand-alone financial statements, deficit compensation proposal. The above consolidated and stand-alone financial statements have been audited by independent auditors, Jia-Siang Wang and Ching-Chyuan Jhuo of Crowes (TW) CPAs Firm with an unqualified opinion. We have reviewed the aforementioned business report, consolidated and stand-alone financial statements, deficit compensation proposal, which were appropriately prepared.

We hereby present our report on the review of these statements pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Phonic 2022 Annual General Shareholders' Meeting

Convener of the Audit Committee

Li-Mei Chiu, Independent Director

March 25, 2022

**The implementation of strengthening business plan on capital
reduction for deficit compensation in 2021**

(In Thounds of New Taiwan Dollars)

Consolidated Statements of Comprehensive Income	2021_Actual	2021_Budget	Difference	Achievement Rate
Operating revenue, net	58,414	58,394	20	100%
Operating cost	54,846	49,537	5,310	111%
Gross profit	3,568	8,857	(5,289)	40%
Operating expenses	29,245	25,746	3,498	114%
Marketing	2,918	2,942	(25)	99%
General and administrative	25,501	19,478	6,023	131%
Research anddevelopment	1,684	2,940	(1,255)	57%
Expected credit impairment losses	(858)	386	(1,244)	-222%
Operating loss	(25,677)	(16,889)	(8,788)	48%
Non-operating income and expenses	124,957	120,118	4,839	104%
Income before tax	99,280	103,229	(3,949)	96%

Difference

1. Operating cost:

Due to the global shipping congestion and lack of labor, the cost of raw materials has risen, resulting in higher operating costs than expected.

2. General and administrative:

Mainly due to the settlement of Labor Retirement Reserve Fund, the expenses were higher than expected.

**The implementation of strengthening business plan on capital
reduction for deficit compensation in 2021**

(In Thounds of New Taiwan Dollars)

Parent Company Only Statements of Comprehensive Income	2021_Actual	2021_Budget	Difference	Achievement Rate
Operating revenue, net	52,769	58,394	(5,624)	90%
Operating cost	41,379	46,320	(4,941)	89%
Gross profit	11,390	12,074	(683)	94%
Operating expenses	22,140	21,435	705	103%
Marketing	2,269	2,513	(244)	90%
General and administrative	19,045	15,596	3,449	122%
Research anddevelopment	1,684	2,940	(1,256)	57%
Expected credit impairment losses	(858)	386	(1,244)	-222%
Operating loss	(10,750)	(9,361)	(1,388)	85%
Non-operating income and expenses	110,030	112,590	(2,561)	98%
Income before tax	99,280	103,229	(3,949)	96%

Difference

1. General and administrative:

Mainly due to the settlement of Labor Retirement Reserve Fund, the expenses were higher than expected.

PHONIC CO., LTD.

Representation Letter

The entities that are required to be included in the combined financial statements of Phonic Co., Ltd. as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10 “*Consolidated Financial Statements*”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Phonic Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Phonic Co., Ltd.
By

TAN , HUNG-HSIANG
Chairman

March 25, 2022

Independent Auditors' Report

To the Board of Directors of Phonic Co., Ltd.

Opinion

We have audited the consolidated financial statements of Phonic Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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, International Accounting Standards, interpretations, as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits, 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 the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Revenue recognition

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Due to the complexity of the products ricks, rewards and ownership transferred, we considered revenue recognition as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Group's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customer's orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

Other Matters

Phonic Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Hsiang Wang and Ching-Chan Cho.

Crowe (TW)
CPAs
March 25, 2022

Notice to Readers

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

The independent auditors' audit report and the consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

Phonic Co., Ltd and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021.12.31		2020.12.31		Notes	2021.12.31		2020.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets									
Cash and cash equivalents	\$ 242,327	76	\$ 49,476	28	6(1) and 12	\$ 7,908	2	\$ 689	-
Financial assets at fair value through profit or loss - current	-	-	5,751	3	12	94	-	60	-
Notes receivable, net	15	-	2,785	2	6(2) and 12	11,994	4	10,222	6
Accounts receivable, net	8,072	3	6,908	4	6(3) and 12	6,476	2	4,627	3
Other receivables	1,767	-	2,035	-	6(4) and 12	2,236	1	3,219	2
Inventories	8,169	3	11,949	7	6(10) and 12	1,640	-	-	-
Prepayments	3,295	1	4,881	3	6(1), 8 and 12	104	-	91	-
Total current assets	263,645	83	83,785	47		30,452	9	18,908	11
Non-current assets									
Property, plant and equipment	44,238	14	30,807	17	6(1), 8 and 12	30,340	10	-	-
Right-of-use assets	4,559	2	3,015	2	6(21) and 12	1,438	-	-	-
Investment property	-	-	55,728	32	6(7) and 12	2,323	1	-	-
Intangible assets	-	-	143	-	12	-	-	690	-
Deferred tax assets	3,484	1	3,557	2		34,101	11	690	-
Prepayments for equipment	239	-	241	-		64,553	20	19,598	11
Refundable deposits	419	-	600	-		-	-	-	-
Total non-current assets	52,939	17	94,091	53					
Total Assets	\$ 316,584	100	\$ 177,876	100					
Liabilities and Equity									
Current liabilities									
Contract liabilities - current	-	-	-	-	6(16)	-	-	-	-
Notes payable	-	-	-	-	12	-	-	-	-
Accounts payable	-	-	-	-	12	-	-	-	-
Other payables	-	-	-	-	12	-	-	-	-
Lease liabilities - current	-	-	-	-	6(7) and 12	-	-	-	-
Long-term borrowings - current	-	-	-	-	6(1), 8 and 12	-	-	-	-
Other current liabilities	-	-	-	-		-	-	-	-
Total current liabilities									
Non-current liabilities									
Long-term borrowings	-	-	-	-	6(1), 8 and 12	-	-	-	-
Deferred tax liabilities	-	-	-	-	6(21) and 12	-	-	-	-
Lease liabilities - non-current	-	-	-	-	6(7) and 12	-	-	-	-
Guarantee deposits received	-	-	-	-	12	-	-	-	-
Total non-current liabilities									
Total liabilities									
Equity attributable to the Company									
Common stock	200,000	63	290,252	163	6(12)	200,000	63	290,252	163
Capital surplus	18,200	6	18,200	10	6(13)	18,200	6	18,200	10
Special reserve	16,942	5	16,942	10	6(14)	16,942	5	16,942	10
Accumulated earnings (deficits)	30,824	10	(153,530)	(86)	6(14)	30,824	10	(153,530)	(86)
Exchange differences arising on translation of foreign operations	(13,935)	(4)	(13,586)	(8)	6(15)	(13,935)	(4)	(13,586)	(8)
Total equity	252,031	80	158,278	89		252,031	80	158,278	89
Total Liabilities and Equity	\$ 316,584	100	\$ 177,876	100					

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

Phonic Co., Ltd and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Notes	2021		2020	
		Amount	%	Amount	%
Net revenue	6(16) and 14	\$ 58,414	100	\$ 57,617	100
Cost of revenue	6(5), 6(10) and 6(20)	(54,846)	(94)	(52,369)	(91)
Gross profit		3,568	6	5,248	9
Operating expenses	6(8), 6(10), 6(20) and 7				
Marketing		(2,918)	(5)	(3,429)	(6)
General and administrative		(25,501)	(44)	(24,266)	(42)
Research and development		(1,684)	(3)	(4,569)	(8)
Expected credit (losses) gains	6(4)	858	2	(745)	(1)
Total operating expenses		(29,245)	(50)	(33,009)	(57)
Opererating loss		(25,677)	(44)	(27,761)	(48)
Non-operating income and expenses					
Interest income	6(17)	169	-	986	2
Other income	6(8) and 6(18)	5,527	9	4,929	8
Other gains and losses	6(19)	119,504	205	(1,221)	(2)
Finance costs		(243)	-	(214)	-
Total non-operating income and expenses		124,957	214	4,480	8
Profit (loss) before income tax from continuing operations		99,280	170	(23,281)	(40)
Income tax (expense) benefit	6(21)	(5,178)	(9)	3	-
Net profit (loss) for the year		94,102	161	(23,278)	(40)
Other comprehensive income (loss)	6(22)				
Items that will not be reclassified to profit or loss					
Income tax related to components of other comprehensive that will not be reclassified to profit or loss		-	-	1,324	2
Items that will be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(354)	(1)	366	1
Income tax related to items that will be reclassified to profit or loss		5	-	(7)	-
Other comprehensive (loss) income for the year, net of income tax		(349)	(1)	1,683	3
Total comprehensive income (loss) for the year		\$ 93,753	160	\$ (21,595)	(37)
Net income (loss) attributable to:					
Shareholders of the parent		\$ 94,102	161	\$ (23,278)	(40)
Noncontrolling interest		\$ -	-	\$ -	-
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		\$ 93,753	160	\$ (21,595)	(37)
Noncontrolling interest		\$ -	-	\$ -	-
Earnings (loss) per share	6(23)				
Basic earnings (loss) per share		\$ 4.71		\$ (1.16)	
Diluted earnings (loss) per share		\$ 4.71		\$ (1.16)	

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

Phonic Co., Ltd and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company					Total Equity
	Common Stock	Capital Surplus	Special Reserve	Accumulated Earnings (Deficits)	Exchange Differences arising on Translation of Foreign Operations	
Balance at January 1, 2020	\$ 290,252	\$ 1,860	\$ 16,942	\$ (131,576)	\$ (13,945)	\$ 163,533
Net loss for 2020	-	-	-	(23,278)	-	(23,278)
Other comprehensive income for 2020	-	-	-	1,324	359	1,683
Total comprehensive income (loss) for 2020	-	-	-	(21,954)	359	(21,595)
Right of Disgorgement	-	16,340	-	-	-	16,340
Balance at December 31, 2020	290,252	18,200	16,942	(153,530)	(13,586)	158,278
Capital reduction to offset accumulated deficits	(90,252)	-	-	90,252	-	-
Net profit for 2021	-	-	-	94,102	-	94,102
Other comprehensive loss for 2021	-	-	-	-	(349)	(349)
Total comprehensive income (loss) for 2021	-	-	-	94,102	(349)	93,753
Balance at December 31, 2021	\$ 200,000	\$ 18,200	\$ 16,942	\$ 30,824	\$ (13,935)	\$ 252,031

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

Phonic Co., Ltd and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<u>Cash flows generated from (used in) operating activities:</u>		
Profit (loss) before tax	\$ 99,280	\$ (23,281)
Adjustments for:		
Depreciation expense (including investment property)	4,698	6,077
Amortization expense	143	240
Expected credit loss (gain)	(858)	745
Gain on financial assets at fair value through profit or loss, net	(77)	(354)
Interest expense	243	214
Interest income	(169)	(986)
Gain on disposal of property, plant and equipment (including investment property)	(120,456)	-
Property, plant and equipment reclassified to expenses	-	114
Others	-	(25)
	<u>(116,476)</u>	<u>6,025</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	5,828	8,173
Notes receivable, net	2,770	(2,785)
Accounts receivable, net	(306)	1,688
Other receivables	268	(937)
Inventories	3,780	7,848
Prepayments	1,586	1,230
Contract liabilities	7,219	(4,206)
Notes payable	34	(234)
Accounts payable	1,772	(287)
Other payables	1,849	(826)
Other current liabilities	13	(3)
Cash flows generated from (used in) operations	<u>7,617</u>	<u>(7,595)</u>
Interest received	169	986
Interest paid	(243)	(214)
Income tax paid	<u>(3,662)</u>	<u>-</u>
Net cash flows generated from (used in) operating activities	<u>3,881</u>	<u>(6,823)</u>
<u>Cash flows generated from (used in) investing activities:</u>		
Acquisition of property, plant and equipment	\$ (41,971)	\$ (1,304)
Proceeds from disposal of property, plant and equipment (including investment property)	202,988	-
Decrease (increase) in refundable deposits	177	(402)
Decrease in prepayments for equipment	2	157
Net cash flows generated from (used in) investing activities	<u>161,196</u>	<u>(1,549)</u>

Phonic Co., Ltd and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
<u>Cash flows from financing activities:</u>		
Increase in long-term borrowings	\$ 31,980	\$ -
Payment of lease liabilities	(3,195)	(3,054)
(Decrease) increase in guarantee deposit received	(690)	161
Right of disgorgement	-	16,340
Net cash flows generated from financing activities	28,095	13,447
Effect of exchange rate changes on cash and cash equivalents	(321)	404
Net increase in cash and cash equivalents	192,851	5,479
Cash and cash equivalents, beginning of year	49,476	43,997
Cash and cash equivalents, end of year	\$ 242,327	\$ 49,476

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

Independent Auditors' Report

To the Board of Directors of Phonic Co., Ltd.

Opinion

We have audited the parent company only financial statements of Phonic Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits, 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 the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2021 is stated as follows:

Revenue recognition

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Due to the complexity of the products ricks, rewards and ownership transferred, we considered revenue recognition as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customer's orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

Responsibilities of Management and Those Charged with Governance 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercised 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 Company 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Hsiang Wang and Ching-Chan Cho.

Crowe (TW) CPAs
March 25, 2022

Notice to Readers

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

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

Phonic Co., Ltd
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollar, Except for Earnings (Loss) Per Share)

	Notes	2021		2020	
		Amount	%	Amount	%
Net revenue	6(16)	\$ 52,769	100	\$ 52,450	100
Cost of revenue	6(5), 6(10), 6(20) and 7	(41,379)	(78)	(47,100)	(90)
Gross profit		11,390	22	5,350	10
Operating expenses	6(8), 6(10), 6(20) and 7				
Marketing		(2,269)	(4)	(2,956)	(5)
General and administrative		(19,045)	(36)	(16,664)	(32)
Research and development		(1,684)	(3)	(4,569)	(9)
Expected credit (losses) gains	6(4)	858	1	(745)	(1)
Total operating expenses		(22,140)	(42)	(24,934)	(47)
Operating losses		(10,750)	(20)	(19,584)	(37)
Non-operating income and expenses					
Interest income	6(17)	153	-	977	2
Other income	6(8) and 6(18)	3,586	7	3,325	6
Other gains and losses	6(19)	120,164	227	(788)	(1)
Finance costs		(179)	-	-	-
Share of losses of subsidiaries and associates		(13,694)	(26)	(7,211)	(14)
Total non-operating income and expenses		110,030	208	(3,697)	(7)
Profit (loss) before income tax from continuing operations		99,280	188	(23,281)	(44)
Income tax (expense) benefit	6(21)	(5,178)	(10)	3	-
Net profit (loss) for the year		94,102	178	(23,278)	(44)
Other comprehensive income (loss)	6(22)				
Items that will not be reclassified to profit or loss					
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	1,324	3
Items that will be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(354)	-	366	-
Income tax related to items that may be reclassified subsequently to profit or loss		5	-	(7)	-
Other comprehensive (loss) income for the year, net of income tax		(349)	-	1,683	3
Total comprehensive income (loss) for the year		\$ 93,753	178	\$ (21,595)	(41)
Earnings (loss) per share	6(23)				
Basic earnings (loss) per share		\$ 4.71		\$ (1.16)	
Diluted earnings (loss) per share		\$ 4.71		\$ (1.16)	

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

Phonic Co., Ltd
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Special Reserve	Accumulated Earnings (Deficits)	Exchange Differences arising on Translation of Foreign Operations	Total Equity
Balance at January 1, 2020	\$ 290,252	\$ 1,860	\$ 16,942	\$ (131,576)	\$ (13,945)	\$ 163,533
Net loss for 2020	-	-	-	(23,278)	-	(23,278)
Other comprehensive income for 2020	-	-	-	1,324	359	1,683
Total comprehensive income (loss) for 2020	-	-	-	(21,954)	359	(21,595)
Right of Disgorgement	-	16,340	-	-	-	16,340
Balance at December 31, 2020	290,252	18,200	16,942	(153,530)	(13,586)	158,278
Capital reduction to offset accumulated deficits	(90,252)	-	-	90,252	-	-
Net profit for 2021	-	-	-	94,102	-	94,102
Other comprehensive loss for 2021	-	-	-	-	(349)	(349)
Total comprehensive income (loss) for 2021	-	-	-	94,102	(349)	93,753
Balance at December 31, 2021	\$ 200,000	\$ 18,200	\$ 16,942	\$ 30,824	\$ (13,935)	\$ 252,031

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

Phonic Co., Ltd
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<u>Cash flows generated from (used in) operating activities:</u>		
Profit (Loss) before tax	\$ 99,280	\$ (23,281)
Adjustments for:		
Depreciation expense (including investment property)	832	1,227
Amortization expense	143	240
Expected credit loss (gain)	(858)	745
Gain on financial assets and liabilities at fair value through profit or loss, net	(77)	(354)
Interest income	(153)	(977)
Interest expense	179	-
Gain on disposal of property, plant and equipment (including investment property)	(120,822)	-
Share of losses of subsidiaries and associates	13,694	7,211
Property, plant and equipment reclassified as expenses	-	114
	<u>(107,062)</u>	<u>8,206</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	5,828	8,173
Notes receivable, net	2,770	(2,785)
Accounts receivable, net	(306)	1,688
Inventories	610	6,511
Other receivables	(87)	(781)
Prepayments	1,496	893
Contract liabilities	7,069	(795)
Notes payable	34	(234)
Accounts payable	547	(164)
Accounts payable to related parties	(5,841)	(7,697)
Other payables	2,114	(395)
Other current liabilities	15	(3)
Cash flows generated from (used in) operations	<u>6,467</u>	<u>(10,664)</u>
Interest received	153	977
Interest paid	(179)	-
Income tax paid	(3,662)	-
Net cash flows generated from (used in) operating activities	<u>2,779</u>	<u>(9,687)</u>
<u>Cash flows used in investing activities:</u>		
Proceeds from disposal of property, plant and equipment (including investment property)	\$ 202,892	\$ -
Acquisition of property, plant and equipment	(41,942)	(1,246)
Decrease in refundable deposits	2	-
Net cash flows generated from (used in) investing activities	<u>160,952</u>	<u>(1,246)</u>

Phonic Co., Ltd
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
<u>Cash flows from financing activities:</u>		
Increase in long-term borrowings	\$ 31,980	\$ -
Decrease (increase) in guarantee deposit received	(690)	346
Others	-	16,340
Net cash flows generated from financing activities	31,290	16,686
Net increase in cash and cash equivalents	195,021	5,753
Cash and cash equivalents, beginning of year	43,975	38,222
Cash and cash equivalents, end of year	\$ 238,996	\$ 43,975

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

Amendments to the Company’s “Rules and Procedures of Shareholders’ Meeting” Comparison Table

After Amendments	Before Amendments	Description
<p>Article 3 Unless otherwise provided by law or regulation, the Corporation's shareholders meetings shall be convened by the board of directors.</p> <p><u>Changes to how the Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Corporation shall prepare electronic</p>	<p>Article 3 Unless otherwise provided by law or regulation, the Corporation's shareholders meetings shall be convened by the board of directors.</p> <p>The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p>versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. <u>If, however, the Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting.</u> In addition, before 15 days before the date of the shareholders meeting, the Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the</p>	<p>before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby <u>as well as being distributed on-site at the meeting place.</u></p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit</p>	
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<p>Corporation and the professional shareholder services agent designated thereby.</p> <p><u>This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <p><u>1.For physical shareholders meetings, to be distributed on-site at the meeting.</u></p> <p><u>2.For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p><u>3.For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u></p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the</p>	<p>distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motions.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation a proposal for discussion at a</p>	
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<p>approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one</p>	<p>regular shareholders meeting.</p> <p>The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, the Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of</p>	
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<p>percent or more of the total number of issued shares may submit to the Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders meeting is held, the Corporation shall publicly announce its acceptance of shareholder proposals in</p>	<p>shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
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<p>writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>		
<p>Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the</p>	<p>Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p>meeting by providing the proxy form issued by the Corporation and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to the Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p> <p><u>If, after a proxy form is delivered to the Corporation, a shareholder wishes to attend the shareholders meeting</u></p>	<p>meeting by providing the proxy form issued by the Corporation and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to the Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	
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<p><u>online, a written notice of proxy cancellation shall be submitted to the Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>		
<p>Article 5 The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting. <u>The restrictions on the place of the meeting shall not apply when the Corporation convenes a virtual-only shareholders meeting.</u></p>	<p>Article 5 The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>
<p>Article 6 The Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for <u>shareholders, solicitors and proxies (collectively "shareholders")</u> will be accepted, the place to register</p>	<p>Article 6 The Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p>for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. <u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p>	<p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders <u>and their proxies (collectively, "shareholders")</u> shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Corporation shall furnish</p>	
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<p>The Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Corporation two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, the Corporation shall upload the meeting agenda book, annual report and other meeting</u></p>	<p>attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	
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<p><u>materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>		
<p>Article 6-1 To convene a virtual shareholders meeting, the Corporation shall include the follow particulars in the shareholders meeting notice:</p> <ol style="list-style-type: none"> 1. How shareholders attend the virtual meeting and exercise their rights. 2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars: <ol style="list-style-type: none"> A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume. 		<p>The article has been added in this revision.</p>

<p>B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</p> <p>C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that</p>		
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<p>shareholders meeting.</p> <p>D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</p> <p>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</p>		
<p>Article 8</p> <p>The Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, the Corporation shall keep records of</u></p>	<p>Article 8</p> <p>The Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p><u>shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p> <p><u>In case of a virtual shareholders meeting, the Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>		
<p>Article 9</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in</u></p>	<p>Article 9</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p><u>on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.</p> <p>If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, the Corporation shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph,</p>	<p>shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.</p> <p>If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be</p>	
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<p>but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Corporation in accordance with Article 6.</u> When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p>Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance</p>	<p>Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p>who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person</p>	
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<p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p> <p><u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>	<p>or direct relevant personnel to respond.</p>	
<p>Article 13</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When the Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights</p>	<p>Article 13</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When the Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p>by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Corporation avoid the submission of extraordinary motions and amendments to original proposals.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by</p>	<p>voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Corporation avoid the submission of extraordinary motions and amendments to original proposals.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has</p>	
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<p>correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person <u>or online</u>, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and in the Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a</p>	<p>exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and in the Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a</p>	
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<p>vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>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 Corporation.</p> <p>Vote counting for shareholders meeting proposals or elections shall be</p>	<p>vote, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>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 Corporation.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the</p>	
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<p>conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p> <p><u>When the Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall</u></p>	<p>voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	
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<p><u>revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<p>Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Corporation may</p>	<p>Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Corporation may</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p>distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Corporation.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force</u></p>	<p>distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Corporation.</p>	
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<p><u>majeure events, and how issues are dealt with shall also be included in the minutes. When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online</u></p>		
<p>Article 16 On the day of a shareholders meeting, the Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, <u>the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means</u>, and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event a virtual shareholders meeting, the Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this</u></p>	<p>Article 16 On the day of a shareholders meeting, the Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Corporation shall upload the content of such resolution to the MOPS</p>	<p>Amended to encompass visual communication network related shareholder meetings</p>

<p><u>information disclosed until the end of the meeting.</u> <u>During the Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform.</u> <u>The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>within the prescribed time period.</p>	
<p>Article 19 <u>In the event of a virtual shareholders meeting, the Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes</u></p>		<p>The article has been added in this revision.</p>

<p><u>after the chair has announced the meeting adjourned.</u></p>		
<p>Article 20 <u>When the Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>		<p>The article has been added in this revision.</p>
<p>Article 21 <u>In the event of a virtual shareholders meeting, the Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u> <u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or</u></p>		<p>The article has been added in this revision.</p>

other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

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

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

<p><u>or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When the Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted</u></p>		
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towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting. When postponing or resuming a meeting according to the second paragraph, the Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies. For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Corporations shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under

<u>the second paragraph.</u>		
<p>Article 22 <u>When convening a virtual-only shareholders meeting, the Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.</u></p>		<p>The article has been added in this revision.</p>
<p>Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. <u>The reformulated vision was made on July 20, 2021, and the 1st revision was revised on June 17, 2022.</u></p>	<p>Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p>	<p>Updated to reflect amendment dates of this revision.</p>

The Company's "Procedures for Asset Acquisition & Disposal"

Chapter I General Principles

Article 1: These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act").

Article 2: The companies shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3: The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4: Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or

disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5.Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

7.Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

8.Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

9.Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange;

"foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.

3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 6: The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the audit committee and then by the board of directors, they shall be submitted 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 the audit committee .

When the procedures for the acquisition and 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. 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.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by 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.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7: The company shall specify the following items in its procedures for the acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures:

1. The scope of assets.
2. Appraisal procedures: Shall include the means of price determination and supporting reference materials.
3. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.
4. Public announcement and regulatory filing procedures.
5. Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary for business use, and limits on individual securities. (Please refer to the provisions of Article 3 of Chapter 2)
6. The company shall supervise the acquisition or disposal of assets of the subsidiaries, and its supervision and management shall be handled in accordance with the relevant regulations of the company and the "Procedures

for Asset Acquisition & Disposal” of each subsidiary.

7. Relevant personnel violate the regulations or this procedure will be punished in accordance with the company's internal regulations..

Article 8: 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 the audit committee. 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.

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 3 and 4.

Section II Acquisition or Disposal of Assets

Article 9: The company's procedures for asset acquisition & disposal is as follows:

1. Assessment and operating procedures: The company's acquisition or disposal of real property, equipment, or right-of-use assets shall be handled in accordance with the company's internal operating procedures.

2. Procedure for determining transaction conditions and authorization limit:

A. To acquire or dispose of real property, one should refer to the current value, appraised value, and actual transaction price of neighboring real property, etc., to decide the transaction conditions and transaction price, and prepare an analysis report and submit it to the chairman of the board. The amount is less than NT\$300 million (inclusive). , it shall be submitted to the chairman for approval and shall be reported to the latest board meeting afterwards; if the amount exceeds NT\$300 million, it shall be submitted to the board of directors for approval.

B. The acquisition or disposal of the right-of-use assets of the real property exceeding NT\$300 million shall be submitted to the chairman of the board of directors for approval and approved by the board of directors.

C. The acquisition or disposal of equipment or its right-of-use assets shall be made through price inquiry, price comparison, price negotiation or bidding. If it exceeds NT\$300 million, it shall be submitted to the chairman of the board for approval and submitted to the board of directors for approval.

3. Implementation department: When the company acquires or disposes of

real property, equipment or its right-of-use assets, the responsible department shall be responsible for the execution.

The total upper limit of the non-operating real estate and its right-of-use assets acquired by the Company and its subsidiaries:

1. The total amount of non-operating real estate and right-of-use assets acquired by the company shall not exceed 20% of the company's net value.
2. The total amount of non-operating real estate and right-of-use assets acquired by a subsidiary company shall not exceed 20% of the company's net value.

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

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and

not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10: The procedures for the company to acquire or dispose of securities are as follows:

1. Assessment and operational procedures: The purchase and sale of securities of the company shall be handled in accordance with the relevant internal operating regulations of the company.

2. Procedure for determining transaction conditions and authorization limit:

A. The purchase and sale of negotiable securities on Taiwan Stock Exchange or Over-the-counter shall be determined by the financial & accounting department according to the market conditions.

B. The purpose of acquiring or disposing of securities is for short-term capital transfer (including buying and selling short-term bills, bonds with repurchase/sell-back conditions, bond funds, money market funds and structured/linked time deposits with guaranteed capital, etc.), authorized by the chairman for approval.

C. For the sale and purchase of securities not on Taiwan Stock Exchange or Over-the-counter, the net worth per share, profitability and future development potential should be considered. If the amount is less than NT\$50 million (inclusive) Approved and submitted to the latest board meeting after the event, together with an analysis report on unrealized profits or losses of marketable securities; if the amount exceeds NT\$50 million, it must be submitted to the board of directors for approval.

3. Implementation department: When the company invests in securities, the financial & accounting shall be responsible for the execution.

The upper limit for the Company and its subsidiaries to acquire marketable securities:

1. The total amount of securities acquired by the company shall not exceed 80% of the company's net value.

2. The limit of the Company's acquisition of individual marketable securities shall not be higher than 20% of the Company's net value.

3. The total amount of securities acquired by a subsidiary shall not exceed 80% of the company's net value.

4. The limit for a subsidiary to obtain individual marketable securities shall not be higher than 20% of the company's net value.

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).

Article 11: The company's procedures for acquiring or disposing of intangible assets or their right-of-use assets or membership cards are as follows:

1. Assessment and operational procedures:

The company's acquisition or disposal of intangible assets or their right-of-use assets or membership cards shall be handled in accordance with the company's internal relevant operating procedures.

2. Procedure for determining transaction conditions and authorization limit:

A. To obtain or dispose of a membership card, the fair market value of the market shall be referred to, the transaction conditions and transaction price shall be determined, and an analysis report shall be prepared and submitted to the board of directors. If the amount is less than NT\$10,000,000 (inclusive), it shall be submitted to the chairman for approval and shall be Subsequent to the latest board meeting, it shall be reported to the board of directors; if it exceeds NT\$10,000,000, it must be submitted to the board of directors for approval.

B. To acquire or dispose of intangible assets or their right-of-use assets, one should refer to expert evaluation reports or fair market prices, determine transaction conditions and transaction prices, and prepare an analysis report for submission to the chairman of the board. The amount should be less than NT\$50 million (inclusive). If it exceeds NT\$50,000,000, it shall be submitted to the chairman of the board for approval and shall be submitted to the latest board meeting after the event.

3. Implementation department: When the company acquires or disposes of real estate and equipment use rights assets, the responsible department shall be responsible for the execution.

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.

Article 12: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13: Where a public 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.

Section III Related Party Transactions

Article 14: When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, 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 the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15: 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 and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal

of assets.

2. The reason for choosing the related party as a transaction counterparty.
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 Article 16 and Article 17.
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.
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.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the 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 pursuant to Article 7, subparagraph 3 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:

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

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 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 1 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.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 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 audit committee and approved by the shareholders meeting or board of directors need not be counted toward the transaction amount.

Article 16: The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

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.

The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

4. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17: When the results of the company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

A. 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.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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.

Article 18: 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 the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the 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 another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. Audit committee shall comply with Article 218 of the Company Act.

3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Section IV Engaging in Derivatives Trading

Article 19: The procedures of the company engaging in derivatives trading are as follow:

1.Trading principles and strategies

(1) Types of derivatives that may be traded:

(i) Types of derivatives that may be traded: the Company may engage any derivatives

(ii) Matters related to bond margin trading shall be handled in accordance with the relevant provisions of this handling procedure. The provisions of this procedure may not apply to bond transactions with buyback conditions.

(2) Operating or hedging strategies: The company engages in derivative commodity trading, which should be for the purpose of hedging. The trading commodities should be mainly used to avoid financial risks generated by the company's operation. The positions held must be in line with the actual needs of the company. , in order to reduce the company's financial risk. Transactions for other specific purposes must be carefully evaluated and submitted to the board of directors for approval.

(3) Segregation of duties:

(i) Trader

A. Responsible for collecting market information, making trend judgments and risk assessments, and formulating operational strategies, which will be used as a basis for engaging in transactions after being approved by the responsible supervisor.

B. Execute the transaction according to the authorization authority and the established strategy.

C. When there are major changes in the financial market, when traders judge that the established strategy is no longer applicable, they can submit an evaluation report at any time, and re-draw the strategy.

(ii) Reviewer: Confirm the contents of the transaction contract with the financial institution.

(iii) Settlement Officer: Implement the settlement

(iv) Accounting: According to various documents, enter the account, and complete the relevant matters

(v) Internal Auditor: Auditing on derivatives transactions

(4) Derivative commodity transactions conducted by the company must be approved by the chairman of the board.

(5) Essentials of performance evaluation: Based on the difference between the transaction cost of the derivative and the market price or fair value plus the gain or loss during the holding period.

(6) Total contract amount and specific-purpose transaction loss cap:

(i) Total contract amount

A. Hedging transaction quota: The responsible unit should grasp the overall position of the company in order to avoid transaction risks, and the amount of hedging transactions should not exceed the overall net position of the company.

B. Transactions for specific purposes: Based on the forecast of market changes, the responsible unit may formulate strategies as needed and submit them to the board of directors for approval before proceeding.

(ii) Loss cap for special purpose transactions

A. Total contract loss cap: 15% of the total contract amount.

B. Individual contract loss cap: 15% of the individual contract amount.

Article 20: The company engaging in derivatives trading shall adopt the following risk management measures:

1 Risk management scope :

(i) Consideration of credit risk :

As the market is subject to changes in various factors, it is easy to cause operational risks of derivative products. Therefore, in market risk management, the following principles are followed:

A. Counterparty: The counterparty of derivatives trading shall be the bank which has a business relationship with the Company or a prominent international financial institution which may provide professional information.

B. Derivatives: The derivatives traded commodities are those of banks that have business dealings with the company or international financial institutions that can provide professional information.

C. Amount: The unwritten transaction amount of the same transaction object shall not exceed 60% of the authorized total amount, unless approved by the competent authority authorized by the board of directors.

(ii) Consideration of market risk : Mainly based on the open trading market provided by financial institutions

(iii) Consideration of liquidity risk : In order to ensure market liquidity, the selection of derivative products should be based on higher liquidity. Financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in any market at any time.

(iv) Consideration of cash flow risk : The company's trading of derivatives

for the purpose of hedging should take into account the capital needs of the forecasted cash receipts and payments in the next three months. Transactions for other specific purposes can only be carried out after the source of funds required for undertaking the undertaking is submitted to the board of directors for approval.

(v) Consideration of operating risk :The company's authorization limit, operating procedures and internal auditing should be strictly followed to avoid operational risks.

(vi) Consideration of commodity Risk : Internal traders should have complete and correct professional knowledge of financial products, and require financial institutions to fully disclose risks to avoid misuse of financial product risks.

(vii) Consideration of legal risks :Documents signed with financial institutions should be reviewed by professionals in foreign exchange and legal affairs before they can be formally signed to avoid legal risks.

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

3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than 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.

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.

5. Internal audit system: handle in accordance with the provisions of Article 22.

Article 21: Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

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.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

2. 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; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

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.

Article 22: The public 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 4 of Article 20 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.

The public company's 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, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.

Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 23: The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 24: The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 25: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 26: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 27: The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets, that affects the company's financial operations.

3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

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

Article 28: The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.

2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.

5. Preliminary progress schedule for plan execution, and anticipated completion date.

6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 29: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 30: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not the company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

Chapter III Public Disclosure of Information

Article 31: Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant

information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. The company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B. The company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity

characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

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

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

The public 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.

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.

Article 32: Where any of the following circumstances occurs with respect to a transaction that the 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 FSC within 2 days counting inclusively from the date of occurrence of the event:

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

Chapter IV Additional Provisions

Article 33: Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.

The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.

Article 34: For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 35: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

The reformulated vision was made on June 17, 2022.

Appendix

Phonic Corporation
Articles of Incorporation (Before Emended)

Chapter I General

Article 1: The company is organized in accordance with the provisions of the Company Law Co., Ltd. and is named as a global company.

Article 2: The business of the company is as follows:

1. CF01011 Medical equipment manufacturing industry.
2. F108031 medical equipment wholesale industry.
3. ZZ99999 In addition to the licensing business, it is a business that is not prohibited or restricted by the business law.
4. F401021 Telecom control RF equipment input industry [Limited radio transmitters, radio transceivers, radio receivers].

Article 2-1: The company may be resolved by the board of directors as a limited liability shareholder of the company. The total investment, except as otherwise provided by the law, may not be subject to the 40% limit of the company's paid-up share capital, but may not exceed this The company's paid-up share capital.

The resolutions of the board of directors mentioned above shall be attended by more than two-thirds of the directors and more than half of the directors.

Article 2 -2: The company may provide endorsements and guarantees in response to business needs.

Article 3: The company has a head office in Taipei City. If necessary, it must be resolved by the board of directors to set up branches at home and abroad according to law.

Article 4: The announcement method of the Company shall be handled in accordance with the provisions of Article 28 of the Company Law.

Chapter II Shares

Article 5: The capital of the company is rated at NT\$100 million, divided into 10,000 shares, all of which are common shares, each of which is worth NT\$, of which unissued shares are authorized to be issued by the board of directors.

Article 6: The Company may be exempted from printing any stock certificate for the shares issued. However, the Corporation shall appoint a centralized securities custody enterprise/institution to make registration of such shares.

Article 7: The registration of shares transfer shall not be made within 60 days before the shareholders' ordinary meeting, 30 days before the shareholders' temporary meeting or within five days before the company's decision to distribute dividends and dividends or other benefits.

Article 8: The company's share-trading treatment shall be handled in accordance with the "Guidelines for the Treatment of Shares of Public Offering Companies" promulgated by the competent authority.

Article 9: Delete.

Article 10: Delete.

Article 11: Delete.

Chapter III Shareholders' Meeting

- Article 12: Shareholders will be divided into two groups, the regular meeting and the temporary meeting, and convened in accordance with the relevant laws and regulations.
- Article 13: When a shareholder is unable to attend the shareholder meeting for any reason, he/she shall be issued a power of attorney issued by the company stating that the authorized agent shall attend the meeting. In addition to the provisions of the Company Law, the method of entrusting the attendance of the shareholders shall be handled in accordance with the “Rules for the Use of Power of Attorneys by the Public Offering Company to attend the Shareholders' Meeting” promulgated by the competent authority.
- Article 14: Each shareholder of the Company has one vote per share, except for the case that the shares specified in Article 179 of the Company Law have no voting rights.
- Article 15: When the shareholders' meeting meets, the chairman of the board of directors shall be the chairman. In the absence of the chairman of the board of directors, the chairman of the board of directors shall appoint one of the directors. If not appointed, the director shall elect one of them. Called by other convener holders other than the board of directors, the chairman shall be the convener, and the convener shall have one or more persons when they have two or more convener.
- Article 16: The resolutions of the shareholders' meeting shall, unless otherwise provided by the relevant laws and regulations, be attended or attended by the shareholders who represent more than half of the total number of issued shares, and agree to attend more than half of the voting rights of the shareholders.
- Article 17: The resolutions of the shareholders' meeting shall be made into a deliberation, signed and sealed by the chairman, and within 20 days after the meeting, the minutes shall be distributed to the shareholders. The minutes shall record the date, place, name of the chairman, and attendance. The number of shareholders, the number of voting rights, resolutions and resolution methods shall be kept forever during the company's existence. The signature book of the attending shareholders and the power of attorney of the agent shall be kept for one year.

Chapter IV Director

- Article 18: The company has five to seven directors . The shareholders of the shareholders' meeting have the ability to choose for a term of three years and are eligible for re-election. Among the above-mentioned directors, the number of independent directors shall not be less than two and not less than one-fifth of the number of directors.
- The nomination system for candidates for the election of directors of the Company shall be handled in accordance with the provisions of Article 192 of the Company Law. The qualifications and selection methods of independent directors and other matters to be followed shall be handled in accordance with the relevant provisions of the Company Law and the Securities Exchange Law.
- Independent directors and non-independent directors shall hold elections together, and each of them shall be elected by the winners of the elections.

After the election, the board of directors may decide to purchase liability insurance for the directors of the company within the scope of its responsibility. The total shareholding ratio of all directors of the Company shall be in accordance with the provisions of the securities regulatory authority.

Article 19: When a director's vacancy is up to one-third are dismissed, the board of directors shall convene a shareholder's meeting by-election within 60 days, and the term of office shall be limited to the term of the original term.

Article 20: When the term of the directors expires and is not re-elected, his or her executive duties shall be extended until the re-election of the directors takes office.

Article 21: The board of directors shall be organized by the directors. With the attendance of more than two-thirds of the directors and the consent of more than half of the directors, one chairman shall be mutually elected, and all matters of the company shall be executed in accordance with the resolutions of the laws, regulations, shareholders' meeting and the board of directors. And represent the company externally.

Article 22: When the chairman of the board of directors asks for leave or fails to exercise his powers for any reason, the board of directors shall appoint one of the directors to act as the agent. If the board of directors is not appointed, one of the directors shall be elected.

Article 23: The board of directors meeting, except as otherwise stipulated in the company law, shall have more than half of the directors present, with the consent of more than half of the directors present. If the directors are unable to attend for any reason, they shall have a power of attorney to list the reasons for the convening. The scope of authorization is entrusted to other directors to attend the board of directors. The board meeting was held and electronically notified.

Article 24: The Company has established an Audit Committee pursuant to applicable Securities and Exchange Act aeticle14-4, and the Independent Directors shall together constitute the Audit Committee. The role of supervisors and their powers pursuant to the Company Act, Securities and Exchange Act and other applicable laws shall be exercised by the Audit Committee in their place.

Article 25: The remuneration of all directors authorizes the board of directors to determine the value of the degree of participation in the company's operations and the value of its contribution, and to negotiate with the industry's usual standards.

Chapter V Manager

Article 26: The company has one general manager, one deputy general manager and several managers. The appointment, dismissal and remuneration are handled in accordance with Article 29 of the Company Law.

Chapter VI Accounting

Article 27: The company shall, at the end of the fiscal year, the board of directors shall fabricate the following forms. Before the 30th meeting of the shareholders' meeting, the supervisory board shall check with the Audit Committee and submit it to the shareholders' meeting for recognition:

1. Business report.
2. Financial statements.
3. Proposal for surplus distribution or loss compensation.

Article 28: If the company is profitable in the year, it shall be no less than 2% for the employee's remuneration, and no more than 1% for the director and supervisor, but the company still has accumulated losses. Reserve the amount of compensation. If there is a surplus in the annual final accounts, the tax should be paid first to make up for the accumulated losses, and the 10% is the statutory surplus reserve. A special surplus reserve or discretionary surplus is required, if necessary. If there is still a surplus, the board of directors intends to distribute the resolution after the resolution of the shareholders' meeting.

Employee compensation is available in stock or cash. The directors' compensation was paid in cash.

The preceding paragraph shall be taken by the board of directors with more than two-thirds of the directors' attendance and resolutions in which the majority of the directors agree to attend and report to the shareholders' meeting.

Article 29: Dividend Policy: The company's dividends are based on the company law and the company's articles of association, in line with the company's capital planning, and achieve stable business objectives. The process, method and amount of future dividend payment are as follows:

1. Dividend issuance process:

The company's dividend distribution process is stipulated by the company law at the end of each business year. The board of directors considers the company's profitability and future operational needs, and draws up a surplus distribution proposal, which is submitted to the shareholders' meeting for recognition.

2. Dividend payment method:

The company's dividend distribution method will be matched with the three methods of transferring surplus to capital increase, capital reserve to capital increase and cash dividend.

3. Dividend issuance policy:

The proportion of the company's dividends is based on the principle that the cash dividends are not less than 20%, and the shares are distributed.

Chapter VII Supplementary Provisions

Article 30: Matters not covered in the Articles of Association shall be handled in accordance with the provisions of the Company Law and other laws and regulations.

Article 31: The Articles of Association was concluded on November 7, 1973;

The first revision was on September 29, 1976;

The second revision was on February 15, 1982;

The third revision was on January 29, 1988;

The fourth revision was on August 30, 1989;

The fifth revision was on November 11, 1990;

The sixth revision was on March 22, 2000;

The seventh revision was on May 20, 2000;

The eighth revision was on July 3, 2001;

The ninth revision was on May 31, 2002;

The tenth revision was on October 1, 2002;

The eleventh revision was made on April 28, 2003;

The twelfth revision was on June 16, 2004;

The thirteenth revision was on May 18, 2005;

The fourteenth revision was on May 19, 2006;

The fifteenth revision was on June 13, 2007;

The sixteenth revision on June 16, 2009;

The seventeenth revision was on June 15, 2011;

The eighteenth revision was on June 15, 2012;

The nineteenth revision was on June 20, 2016;

The 20th revision was on June 19, 2017.

The 21th revision was on June 10, 2020.

The 22th revision was on June 7, 2021.

Phonic Corporation

Rules of Procedure for Shareholder Meetings (Before Emended)

Article 1: To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3: Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

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

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation,

or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motions.

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

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

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

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

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

Article 4: For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6: This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

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

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

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

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

Article 7: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

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

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

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

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

Article 8: This Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting.

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

Article 9: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

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

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

Article 10: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in

violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

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

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

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

Article 12: Voting at a shareholders meeting shall be calculated based the number of shares.

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

When a shareholder is an interested party in relation to an agenda item, and

there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

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

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

Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights

were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

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

Article 14: The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

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

Article 15: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

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

Article 16: On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

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

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

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

Article 18: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 19: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Shareholding Status of All Directors

1. The current number of directors of the Company are as follows:

- Total number of common shares issued 20,000,000 share
- Minimum shares required to be held by all Directors 2,400,000 share

2. As of April 19, 2022, the closure date of the 2022 Annual General Meeting of Shareholders. Shareholding from all Directors has reached the legally stipulated ownership of shares.

Title	Name	Number of shares held as of book closure date
Chairman	Kangjian Investment Co., Ltd. Representative: Tan Hongxiang	11,636,315
Director	Kangjian Investment Co., Ltd. Representative: Wang Minlie	11,636,315
Director	Kangjian Investment Co., Ltd. Representative: Zhou Jingwen	11,636,315
Director	Kangjian Investment Co., Ltd. Representative: Hsieh Zuwei	11,636,315
Independent director	Lin Yingzhu	0
Independent director	Chiu Limei	0
Independent director	Yao Shunyan	0
Total number of shares held by all Directors		11,636,315