

Stock Code: 1313

UPC Technology Corporation 2021 Annual General Shareholders' Meeting

Handbook

The original of this handbook is written in Chinese language. If there is any discrepancy between the Chinese version and this English translation, the Chinese version shall prevail.

June 10, 2021

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Agenda for the 2020 Annual General Meeting of UPC Technology Corporation

Time: 09:00 am, June 10, 2021 (Thursday)

Venue: International Conference Hall, 1F, Building B, No. 209, Section 1, Nangang Road, Nangang District, Taipei City

I. Chairperson's Opening Remarks

II. Reporting Items:

- (i) 2020 business report.
- (ii) Audit Report by the Audit Committee
- (iii) 2020 distribution of employees' bonuses and directors' bonuses.
- (iv) Report on 2020 earnings appropriation and cash dividends.
- (v) Stock buybacks of the Company.

III. Acknowledgement Item:

- (i) Acknowledgement of 2020 business report and financial statements.
- (ii) Acknowledgement of 2020 profit distribution table.

IV. Discussion Items:

- (i) Amendments to the Rules of Procedure for Shareholder Meetings.
- (ii) Amendments to Rules for Election of Directors

V. Election: Elect the 16th term of directors.

VI. Other proposals: Lift restrictions on the non-compete clause of the Company's board of directors.

VII. Extraordinary Motion

VIII. Adjournment of the meeting

II. Reporting items

I. Presenting the Company's 2020 Business Report for review.

Description: Please refer to Attachment 1 on page 7~8 of this meeting manual.

II. Presenting the 2020 annual final accounting books and statements which have been audited by Audit Committee for review.

Description: Please refer to Attachment 2 on page 9 of this meeting manual.

III. Presenting the 2020 distribution of employees' bonuses and directors' bonuses for review.

Description:

- (i) According to Article 28 of the Company's Articles of Incorporation, "If the Company has earnings after offsetting the prior years' accumulated losses, if any, the Company should distribute no less 1% of the earnings as employees' compensation and no more than 1% of the earnings as directors' compensation."
- (ii) The board of directors resolved to distribute NT\$32 million employment in compensation and to distribute NT\$10 million director in compensation for 2020. All compensation was paid in cash.

IV. Presenting the 2020 earnings appropriation and cash dividends for review.

Description:

- (i) According to Paragraph 5, Article 240 of the Company Act and Paragraph 1, Article 28 of the Company's Articles of Incorporation, the dividends distribution should be made in cash. It is resolved to authorize the board of director to approve the distribution and report it at the shareholders' meeting.
- (ii) On March 18, 2021, the board meeting resolved to distribute a cash of dividends of NT\$1,292,347,607 to shareholders. Based on the number of shares outstanding, shareholders will receive NT\$1 per share. The cash dividends distributed in the proposal of the earnings distribution is calculated to the whole number. The sum of the fractional cash dividends each of which is less than NT\$1 will be listed as other incomes of the Company.
- (iii) The cash dividends have been distributed on May 7, 2021.

V. Presenting stock buybacks of the Company for review.

Description:

- (i) Description: According to Article 28-2 of Securities and Exchange Act, the Company buy back its shares in centralized securities exchange market and report the performance status as below.

The buy back time	17th	18th
The buy back purpose	Transfer to employee	Transfer to employee
Actual buy back period	2020.6.11~2020.7.16	2020.8.7~2020.9.28
The price range of the shares to be bought back	From NTD 8.6 to 11.5.	From NTD 11 to 14.
The type and number of the shares already bought back	10,000,000 ordinary shares	20,000,000 ordinary shares
The amount of buy back shares	NT\$100,558,287	NT\$260,178,894
The average buy back price	NT\$10.06	NT\$13.01
The ratio of the number of shares that were bought back to the planned number of shares to be re-purchased (%)	100%	100%
The share number of the stock has been cancelled and transferred.	0 shares	0 shares
The cumulative number of its own shares that the company holds	20,000,000 shares	40,000,000 shares
The ratio of the cumulative number of its own shares that it holds to the total number of its issued shares.	1.50%	3.00%

- (ii) Please refer to Attachment 4 for the comparison of amended articles; please refer to Appendix 4 for the 17th and 18th procedures on stock buy back transferred to employees.

III. Acknowledgement Item:

Motion 1

(Proposed by the board of directors)

Summary: Presenting the Company's 2020 business report and financial statements for acknowledgement.

Description:

- I. The 2020 business report and financial statements which are audited by CPA are audited by Company's audit committee. Please refer to Attachment 1 (Page 7~8), Attachment 2 (Page 9), and Attachment 3 (Page 10~29) of this meeting manual.
- II. The documents submitted require acknowledgement.

Resolution:

Motion 2

(Proposed by the board of directors)

Summary: Present the proposal of the Company's 2020 Annual Profit Distribution Table for acknowledgement.

Description:

- I. The 2020 earnings distribution table is proposed as follows:

UPC Technology Corporation

2020 Annual Profit Distribution Table

Unit: NTD

Item	Amount	
Undistributed earnings at the beginning of the year		1,453,740,181
(i) Plus: Net income after taxes for the year	2,134,319,928	
Plus: Retained earnings of investment adjustment using the equity method.	303,184,524	
Plus: Loss on disposal of equity instruments at fair value through other comprehensive profit and loss: Remeasurement of defined-benefit plan is recognized in retained earnings.	8,954,355	
Net income for the period plus the amount included in unappropriated earnings for the year other than net income for the period	(25,178,814)	
		2,421,279,993
(ii) Less: Allocated legal reserve		(242,127,999)
Earnings available for distribution in the current period		3,632,892,175
(iii) Distribution in the current period: Cash dividends: NT\$1 dollar per share		(1,292,347,607)
Undistributed earnings at the end of the year		2,340,544,568
Note:		
1. The profit distribution proposal prioritizes the profit from 2020, and the shortfall will be made up by the undistributed profit of the previous period.		
2. According to Paragraph 5, Article 240 of the Company Act and Paragraph 1, Article 28 of the Company's Articles of Incorporation, the cash dividends distribution is resolved by the board and reported at the shareholders' meeting.		

- II. The documents submitted require Acknowledgement.

Resolution:

IV. Discussion Item

Motion 1

(Proposed by the board of directors)

Subject: Amendment to the Company's procedure of shareholders meeting for review and approval.

Description:

- I. According to rules and regulations and practical need, partially amend the Company's Guidelines on the Procedure for Shareholders' Meeting.
- II. Please refer to Attachment 5 (Page 31~32 of this meeting manual) for the comparison table of the amended articles. The proposal is presented for review and approval.

Resolution:

Motion 2

(Proposed by the board of directors)

Summary: Submit the proposal to amend the Company's Rules for Election of Directors for review and approval.

Description:

- I. According to rules and regulations and practical need, partially amend the Company's Rules for the Election of Directors.
- II. Please refer to Attachment 6 (Page 33~39 of this meeting manual) for the comparison table of the amended articles. The proposal is presented for review and approval.

Resolution:

V. Election Matters

Summary: Elect the Company's 16th term of directors.

Description:

- I. The term of office of the Company's current directors (15th term) will expire on June 7, 2021. The election is handled in accordance with Article 195 of the Company Act, and it is proposed to elect 10 directors for the 16th term, which includes 3 independent directors, at the annual general meeting this year. The directors will take office on the day of election.
- II. The 16th term of directors shall hold office for 3 years, from June 10, 2021 to June 9, 2024.
- III. Please refer to Attachment 7 (Page 40~44) of this manual for the relevant information.
- IV. Please conduct the election.

The Election Results:

VI. Other Proposals

Summary: It is proposed to lift the restrictions on the non-compete clause of the 16th term of directors who are newly elected.

Description:

- I. On the premise that the Company's interests are not damaged, it is proposed to lift the restrictions on the non-compete clause of the 16th term of directors who are newly elected, in accordance with Article 209 of the Company Act. This also applies to new representatives who are appointed by legal person directors to complete the original term of office.
- II. The content of the proposal to lifting the restrictions on the non-compete clause of the newly elected directors is shown as follows:

Name of Director	Concurrent positions held
Lien Hwa Industrial Holdings Corporation representative: Chun Chen	USI CORPORATION Independent Director
Wenent P. PAN	China Petrochemical Development Corporation Independent Director
Y. S. KO	Taita Chemical Co., Ltd. Directors Asia Polymer Corporation. Directors

- III. The proposal is presented for review and approval.

Resolution:

VII. Extraordinary Motion.

VIII. Meeting Adjournment

UPC Technology Corporation

Business Report

Looking back on 2020, we had the novel coronavirus (COVID-19) which caused the global economic blockade, and collapse in oil prices and the continuation of the US-China trade conflict, demand decrease and a state of recession. The Company, benefited from the strategic planning in the Greater China and Southeast Asia regions, product focus, inventory control and establishment of core competencies, is able to turn profitable overall and grow substantially.

1. 2020 Business Results

The net consolidated revenue in 2020 was NT\$51.867 billion, which was 17% down from the previous year. The net profit after tax was NT\$ 2.134 billion, an increase of NT\$2.275 billion from the previous year. The earnings per share after taxes was NT\$1.62.

The total output of the Group was 2.2 million tons, a decrease of 5% from the previous year. The total sales volume was 1.87 million tons, a decrease of 7% from the previous year.

2. 2021 Business Plan

Looking forward to 2021, the global oil prices will stabilize and the economy will gradually recover. However, the uncertainties brought by the pandemic and geopolitical disturbances are the main factors that affect the economy. The Company continues to strengthen corporate governance and improves the risk control ability to face the unpredictable industry changes.

The business layout of the Company:

There are six business unities of Taiwan, South China, East China, Southwest China, Northeast China, and Malaysia to cover Greater China and Southwestern Asia and the Company expands our footprint to global markets such as South Asia, North Asia, Northeast Asia and Central and South America.

The operation strategy of the Company:

- 1) The organizational structure of the Company is a profit-centered business unit (BU) and supplemented by nine functional departments to establish the system and integrate group resources. The nine functional departments will support BU to manage relevant operating activities more efficiently and achieve the operating goals.
- 2) With respect to the raw materials supply, the Company continues to expand the cooperation and alliances with the upstream manufacturers in mainland China and all over the world to get the stable supply and price advantage raw materials and strengthen its ability to flexible allocation and adjustment.
- 3) With respect to logistics, trade and energy service, the Company uses current resources and combines them with its geographical advantages and complete channels not only to reduce the company's operating costs and improve overall revenue at the same time, but also to develop to become a sustainable operating entity.
- 4) In the core products, the Company develops and produces no benzene and is tasteless, environmentally friendly hydrogenated plasticizer. In fine chemicals and special chemicals, the Company accelerates the development of environmentally-friendly and special chemical products and bio-degradable plastics.
- 5) The Company cooperates with international companies to develop high-value-added products.
- 6) With respect to occupational safety, fire protection and process safety, the Company, with an aim of zero occupational injuries, uses advanced monitoring and management systems to identify various potential risks. With respect to environmental protection, the Company uses circular economy and energy-saving and carbon reduction schemes to achieve the sustainability goal of zero emissions and carbon neutrality.
- 7) The Company develops "UPC 4.0" based on Industry 4.0 and makes use of tools such as the internet of things, AI and RPA process robot to enhance production competitiveness and management efficiency.
- 8) To meet the company's rapidly growing needs of manpower, the Company strengthens the plan of talent cultivation and succession.

As a global leading company in phthalic anhydride and plasticizers, the Company continues to develop various environmentally-friendly plasticizers, to improve our core competitiveness, and to strive for innovation and will reward our shareholders and contribute to our society with our excellent operating results.

The Company wishes all shareholders good health and good luck. Thank you!

Chairman Matthew, Feng-Chiang Miao

General Manager Y. S. KO

Chief Accounting Officer Wu Sheng-Chien Simon

UPC Technology Corporation

Audit Report by the Audit Committee

The board of directors prepares and submits 2020 financial statements (from January 1, 2020 to December 31, 2020) which have been audited by two attesting CPAs, Jamie Lee and Wen-Chin Lin, of Deloitte Taiwan and the 2020 business report and earning distribution schedule that are inspected to be compliance with the Company Act and relevant regulations by audit committee and prepare report in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Act.

Submit to

2021 Annual General Meeting of UPC Technology Corporation

UPC Technology Corporation

Convener of audit committee: Paul P. Wang

March 18, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
UPC Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of UPC Technology Corp. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Recognition of Operating Revenue

Key audit matter was identified for occurrence of revenue recognition for product sales since the judgement is required if the performance obligation is met and sales should be recognized after the Group identifies the performance obligation from sales contracts with customers. We performed the audit procedures by assessing the internal controls related to sales, vouching the transaction records and supporting documents to check the occurrence of the sales and confirming the sales recognition in compliance with IFRS. Regarding the accounting policy of revenue recognition, please refer to Note 4 (14) to the consolidated financial statements.

Others

We have audited and expressed an unqualified opinion on the separate financial statements of UPC Technology Corp. as of and for the years ended December 31, 2020 and 2019.

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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with statements 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, 2020 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 Zhen-Ming Li and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 3,623,866	8	\$ 5,324,973	12
Financial assets at fair value through profit or loss (Note 7)	25,615	-	29,497	-
Financial assets at fair value through other comprehensive income (Notes 8 and 33)	1,161,393	3	772,690	2
Financial assets at amortized cost (Note 9)	32,937	-	47,277	-
Notes receivable (Note 10)	621,677	1	712,892	1
Trade receivables (Note 10)	3,364,231	8	3,019,370	7
Other receivables (Note 10)	199,323	1	200,356	-
Other receivables from related parties (Note 32)	3,599	-	1,297	-
Current tax assets (Note 26)	5,825	-	16,332	-
Inventories (Note 11)	5,874,979	13	6,656,824	15
Other current assets (Note 16)	<u>1,825,748</u>	<u>4</u>	<u>1,903,075</u>	<u>4</u>
Total current assets	<u>16,739,193</u>	<u>38</u>	<u>18,684,583</u>	<u>41</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	9,013,859	20	7,185,279	16
Investments accounted for using the equity method (Note 13)	18,970	-	20,117	-
Property, plant and equipment (Notes 14 and 33)	15,725,460	36	16,362,557	36
Right-of-use assets (Notes 15 and 33)	1,615,060	4	1,632,226	4
Computer software	15,544	-	5,369	-
Deferred income tax assets (Note 26)	673,853	1	749,624	2
Other non-current assets (Notes 16 and 32)	<u>398,698</u>	<u>1</u>	<u>517,242</u>	<u>1</u>
Total non-current assets	<u>27,461,444</u>	<u>62</u>	<u>26,472,414</u>	<u>59</u>
TOTAL	<u>\$ 44,200,637</u>	<u>100</u>	<u>\$ 45,156,997</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,586,825	4	\$ 4,975,330	11
Notes payable (Note 19)	281,923	1	1,621,876	4
Trade payables (Notes 19 and 32)	1,500,723	3	2,015,539	4
Other payables (Note 20)	1,551,766	4	1,209,917	3
Current tax liabilities (Note 26)	245,350	1	117,265	-
Provisions (Note 21)	114,900	-	112,052	-
Lease liabilities - current (Note 15)	12,860	-	14,656	-
Other current liabilities (Note 20)	<u>626,483</u>	<u>1</u>	<u>575,279</u>	<u>1</u>
Total current liabilities	<u>5,920,830</u>	<u>14</u>	<u>10,641,914</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	5,986,705	14	5,982,279	13
Long-term borrowings (Notes 17 and 34)	6,650,000	15	7,287,166	16
Provisions (Note 21)	8,201	-	6,212	-
Deferred tax liabilities (Note 26)	217,321	-	217,671	1
Lease liabilities - non-current (Note 15)	37,707	-	49,016	-
Long-term deferred revenue (Note 29)	184,988	-	194,708	1
Net defined benefit liabilities (Note 22)	226,795	1	192,491	-
Guarantee deposits received (Note 32)	<u>13,389</u>	<u>-</u>	<u>13,824</u>	<u>-</u>
Total non-current liabilities	<u>13,325,106</u>	<u>30</u>	<u>13,943,367</u>	<u>31</u>
Total liabilities	<u>19,245,936</u>	<u>44</u>	<u>24,585,281</u>	<u>54</u>
EQUITY (Note 23)				
Ordinary shares	<u>13,323,476</u>	<u>30</u>	<u>13,323,476</u>	<u>30</u>
Capital surplus	<u>1,361,372</u>	<u>3</u>	<u>1,327,147</u>	<u>3</u>
Retained earnings				
Legal reserve	2,339,154	5	2,339,154	5
Special reserve	341,773	1	341,773	1
Unappropriated earnings	<u>3,875,019</u>	<u>9</u>	<u>1,720,209</u>	<u>4</u>
Total retained earnings	<u>6,555,946</u>	<u>15</u>	<u>4,401,136</u>	<u>10</u>
Other equity	<u>4,168,000</u>	<u>9</u>	<u>1,519,957</u>	<u>3</u>
Treasury shares	<u>(454,093)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total equity	<u>24,954,701</u>	<u>56</u>	<u>20,571,716</u>	<u>46</u>
TOTAL	<u>\$ 44,200,637</u>	<u>100</u>	<u>\$ 45,156,997</u>	<u>100</u>

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

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 24)				
Sales	\$ 51,746,448	100	\$ 62,485,677	100
Other operating revenue	<u>120,391</u>	<u>-</u>	<u>229,265</u>	<u>-</u>
Total operating revenue	<u>51,866,839</u>	<u>100</u>	<u>62,714,942</u>	<u>100</u>
OPERATING COSTS (Note 25)				
Cost of goods sold (Notes 11 and 32)	47,150,010	91	60,459,876	96
Other operating cost	<u>82,118</u>	<u>-</u>	<u>194,012</u>	<u>-</u>
Total operating costs	<u>47,232,128</u>	<u>91</u>	<u>60,653,888</u>	<u>96</u>
GROSS PROFIT	<u>4,634,711</u>	<u>9</u>	<u>2,061,054</u>	<u>4</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	1,342,444	3	1,510,550	2
General and administrative expenses	1,013,490	2	913,927	2
Expected credit loss recognized (reversed)	<u>5,567</u>	<u>-</u>	<u>(9,235)</u>	<u>-</u>
Total operating expenses	<u>2,361,501</u>	<u>5</u>	<u>2,415,242</u>	<u>4</u>
PROFIT (LOSS) FROM OPERATIONS	<u>2,273,210</u>	<u>4</u>	<u>(354,188)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates accounted for using the equity method (Note 13)	(384)	-	(645)	-
Interest income	44,564	-	49,448	-
Other income (Notes 25 and 32)	566,055	1	763,320	1
Other gains and losses (Note 25)	73,879	-	(231,781)	-
Finance costs (Note 25)	<u>(274,044)</u>	<u>-</u>	<u>(404,787)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>410,070</u>	<u>1</u>	<u>175,555</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	2,683,280	5	(178,633)	-
INCOME TAX (EXPENSE) BENEFIT (Note 26)	<u>(548,960)</u>	<u>(1)</u>	<u>38,257</u>	<u>-</u>
NET PROFIT (LOSS)	<u>2,134,320</u>	<u>4</u>	<u>(140,376)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (Note 23)				

(Continued)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(31,479)	-	1,383	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,767,935	5	1,854,680	3
Share of the other comprehensive gain (loss) of associates accounted for using the equity method (Note 13)	239	-	(6,930)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>6,300</u>	<u>-</u>	<u>(280)</u>	<u>-</u>
	<u>2,742,995</u>	<u>5</u>	<u>1,848,853</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	186,158	1	(870,666)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	<u>5,850</u>	<u>-</u>	<u>830</u>	<u>-</u>
	<u>192,008</u>	<u>1</u>	<u>(869,836)</u>	<u>(2)</u>
Other comprehensive income for the year, net of income tax	<u>2,935,003</u>	<u>6</u>	<u>979,017</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,069,323</u>	<u>10</u>	<u>\$ 838,641</u>	<u>1</u>
EARNINGS (LOSSES) PER SHARE (Note 27)				
Basic	<u>\$ 1.62</u>		<u>\$ (0.11)</u>	
Diluted	<u>\$ 1.62</u>		<u>\$ (0.11)</u>	

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

(Concluded)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Retained Earnings						Exchange Differences on Translating Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2019	\$ 12,939,216	\$ 1,301,779	\$ 2,263,793	\$ 341,773	\$ 2,585,164	\$ 5,190,730	\$ (218,440)	\$ 752,079	\$ 533,639	\$ (191,301)	\$ 19,774,063
Appropriation of 2018 earnings											
Legal reserve	-	-	75,361	-	(75,361)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(256,767)	(256,767)	-	-	-	-	(256,767)
Share dividends distributed by the Company	385,150	-	-	-	(385,150)	(385,150)	-	-	-	-	-
Net loss in 2019	-	-	-	-	(140,376)	(140,376)	-	-	-	-	(140,376)
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	1,103	1,103	(869,836)	1,847,750	977,914	-	979,017
Total comprehensive income (loss) in 2019	-	-	-	-	(139,273)	(139,273)	(869,836)	1,847,750	977,914	-	838,641
Share-based payment transaction - employees share option plan	-	25,330	-	-	-	-	-	-	-	190,449	215,779
Cancellation of treasury shares	(890)	38	-	-	-	-	-	-	-	852	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(8,404)	(8,404)	-	8,404	8,404	-	-
BALANCE AT DECEMBER 31, 2019	13,323,476	1,327,147	2,339,154	341,773	1,720,209	4,401,136	(1,088,276)	2,608,233	1,519,957	-	20,571,716
Appropriation of 2019 earnings											
Cash dividends distributed by the Company	-	-	-	-	(266,470)	(266,470)	-	-	-	-	(266,470)
Net profit in 2020	-	-	-	-	2,134,320	2,134,320	-	-	-	-	2,134,320
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(25,179)	(25,179)	192,008	2,768,174	2,960,182	-	2,935,003
Total comprehensive income in 2020	-	-	-	-	2,109,141	2,109,141	192,008	2,768,174	2,960,182	-	5,069,323
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	(454,093)	(454,093)
Share-based payment transaction - employees share option plan	-	34,225	-	-	-	-	-	-	-	-	34,225
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	312,139	312,139	-	(312,139)	(312,139)	-	-
BALANCE AT DECEMBER 31, 2020	\$ 13,323,476	\$ 1,361,372	\$ 2,339,154	\$ 341,773	\$ 3,875,019	\$ 6,555,946	\$ (896,268)	\$ 5,064,268	\$ 4,168,000	\$ (454,093)	\$ 24,954,701

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

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 2,683,280	\$ (178,633)
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	5,567	(9,235)
Depreciation expenses	1,725,002	1,580,837
Amortization expenses	207,660	185,884
Finance costs	274,044	404,787
Interest income	(44,564)	(49,448)
Dividend income	(302,927)	(319,395)
Compensation costs of employee share-based payment	34,225	55,972
Loss on disposal of property, plant and equipment	4,527	10,411
Net gain on fair value changes of financial assets as at fair value through profit or loss	(118)	(216)
Share of loss of associates accounted for using the equity method	384	645
Long-term deferred revenue transferred to other income	(12,530)	(13,026)
Reversal of write-downs of inventories	(61,115)	(127,052)
Loss on lease modification, net	2,854	-
Changes in operating assets and liabilities:		
Notes receivable	90,999	(367,751)
Trade receivables	(350,107)	705,662
Other receivables	2,912	(43,811)
Other receivables from related parties	(2,302)	846
Inventories	842,303	1,958,164
Other current assets	77,327	279,689
Notes payable	(1,339,953)	335,031
Trade payables	(514,816)	229,376
Other payables	358,488	(140,524)
Provisions	4,837	(16,107)
Other current liabilities	51,204	101,950
Net defined benefit liabilities	2,825	3,452
Cash generated from operations	3,740,006	4,587,508
Interest received	42,685	53,661
Income tax paid	(334,497)	(253,401)
Net cash generated from operating activities	3,448,194	4,387,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(32,994)
Proceeds from disposal of financial assets at fair value through other comprehensive income	548,545	5,735
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	19,471

(Continued)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Purchase of financial assets at amortized cost	(365)	(54,368)
Proceeds from sale of financial assets at amortized cost	15,162	52,441
Proceeds from sale of financial assets at fair value through profit or loss	4,000	18,150
Purchase for property, plant and equipment	(902,427)	(1,546,756)
Proceeds from disposal of property, plant and equipment	6,171	29,636
Increase in refundable deposits	(10,449)	(9,754)
Decrease in refundable deposits	4,938	8,586
Payments for computer software	(16,323)	(2,430)
Payments for right-of-use assets	-	(101,321)
Increase in other non-current assets	(82,778)	(146,019)
Dividends received	<u>302,927</u>	<u>319,395</u>
Net cash used in investing activities	<u>(130,599)</u>	<u>(1,440,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	30,013,580	30,653,672
Repayments of short-term borrowings	(33,412,062)	(29,771,085)
Proceeds from long-term borrowings	39,067,850	27,186,703
Repayments of long-term borrowings	(39,909,172)	(29,636,167)
Proceeds from guarantee deposits received	691	662
Refund of guarantee deposits received	(1,126)	(1,151)
Repayment of the principal portion of lease liabilities	(13,294)	(20,695)
Cash dividends paid	(266,470)	(256,767)
Proceeds from treasury shares transferred to employees	-	81,000
Payment from buy-back of ordinary shares	(454,093)	-
Interest paid	<u>(284,928)</u>	<u>(425,800)</u>
Net cash used in financing activities	<u>(5,259,024)</u>	<u>(2,189,628)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>240,322</u>	<u>(325,255)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,701,107)</u>	<u>432,657</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,324,973</u>	<u>4,892,316</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,623,866</u>	<u>\$ 5,324,973</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
UPC Technology Corp.

Opinion

We have audited the accompanying financial statements of UPC Technology Corp. (collectively referred to as the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the financial statements for the year ended December 31, 2020 are stated as follows:

Recognition of Operating Revenue

Key audit matter was identified for occurrence of revenue recognition for product sales since the judgement is required if the performance obligation is met and sales should be recognized after the Company identifies the performance obligation from sales contracts with customers. We performed the audit procedures by assessing the internal controls related to sales, vouching the transaction records and supporting documents to check the occurrence of the sales and confirming the sales recognition in compliance with IFRS. Please refer to Note 4 (12) regarding the accounting policy of revenue recognition of the financial statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 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 Zhen-Ming Li and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

UPC TECHNOLOGY CORP.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 132,903	1	\$ 237,252	1
Notes receivable (Note 8)	44,747	-	29,477	-
Trade receivables (Notes 8 and 27)	362,992	1	388,651	1
Other receivables (Note 27)	4,648	-	3,646	-
Inventories (Note 9)	819,171	2	1,188,126	3
Other current assets (Note 13)	<u>33,933</u>	<u>-</u>	<u>43,692</u>	<u>-</u>
Total current assets	<u>1,398,394</u>	<u>4</u>	<u>1,890,844</u>	<u>5</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	8,334,557	22	6,645,063	20
Investments accounted for using the equity method (Note 10)	26,849,712	69	23,826,034	69
Property, plant and equipment (Note 11)	1,872,916	5	1,931,794	6
Right-of-use assets (Note 12)	24,193	-	37,070	-
Deferred income tax assets (Note 22)	83,150	-	69,510	-
Other non-current assets (Note 13)	<u>64,522</u>	<u>-</u>	<u>72,991</u>	<u>-</u>
Total non-current assets	<u>37,229,050</u>	<u>96</u>	<u>32,582,462</u>	<u>95</u>
TOTAL	<u>\$ 38,627,444</u>	<u>100</u>	<u>\$ 34,473,306</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Notes 16 and 27)	\$ 282,516	1	\$ 367,244	1
Other payables (Note 17)	222,928	-	105,470	-
Current tax liabilities (Note 22)	7,447	-	6,005	-
Lease liabilities - current (Note 12)	10,514	-	10,657	-
Other current liabilities (Note 17)	<u>32,817</u>	<u>-</u>	<u>23,596</u>	<u>-</u>
Total current liabilities	<u>556,222</u>	<u>1</u>	<u>512,972</u>	<u>1</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 15)	5,986,705	15	5,982,279	17
Long-term borrowings (Note 14)	6,650,000	17	6,950,000	20
Provisions (Note 18)	8,201	-	6,212	-
Deferred tax liabilities (Note 22)	217,318	1	217,068	1
Lease liabilities - non-current (Note 12)	14,112	-	26,744	-
Net defined benefit liabilities (Note 19)	226,795	1	192,491	1
Guarantee deposits received (Note 27)	<u>13,390</u>	<u>-</u>	<u>13,824</u>	<u>-</u>
Total non-current liabilities	<u>13,116,521</u>	<u>34</u>	<u>13,388,618</u>	<u>39</u>
Total liabilities	<u>13,672,743</u>	<u>35</u>	<u>13,901,590</u>	<u>40</u>
EQUITY (Note 20)				
Ordinary shares	<u>13,323,476</u>	<u>34</u>	<u>13,323,476</u>	<u>39</u>
Capital surplus	<u>1,361,372</u>	<u>4</u>	<u>1,327,147</u>	<u>4</u>
Retained earnings				
Legal reserve	2,339,154	6	2,339,154	7
Special reserve	341,773	1	341,773	1
Unappropriated earnings	<u>3,875,019</u>	<u>10</u>	<u>1,720,209</u>	<u>5</u>
Total retained earnings	<u>6,555,946</u>	<u>17</u>	<u>4,401,136</u>	<u>13</u>
Other equity	<u>4,168,000</u>	<u>11</u>	<u>1,519,957</u>	<u>4</u>
Treasury shares	<u>(454,093)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total equity	<u>24,954,701</u>	<u>65</u>	<u>20,571,716</u>	<u>60</u>
TOTAL	<u>\$ 38,627,444</u>	<u>100</u>	<u>\$ 34,473,306</u>	<u>100</u>

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

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
SALES (Note 27)	\$ 4,439,090	100	\$ 4,611,581	100
COST OF GOODS SOLD (Notes 9, 21 and 27)	<u>3,849,801</u>	<u>87</u>	<u>4,254,384</u>	<u>92</u>
GROSS PROFIT	<u>589,289</u>	<u>13</u>	<u>357,197</u>	<u>8</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	160,000	4	141,404	3
General and administrative expenses	278,718	6	195,960	5
Expected credit loss recognized (reversed)	<u>451</u>	<u>-</u>	<u>(1,613)</u>	<u>-</u>
Total operating expenses	<u>439,169</u>	<u>10</u>	<u>335,751</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>150,120</u>	<u>3</u>	<u>21,446</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries accounted for using the equity method	1,812,704	41	(303,639)	(7)
Interest income	125	-	372	-
Other income (Notes 21 and 27)	341,494	8	362,152	8
Other gains and losses (Note 21)	(43,850)	(1)	(61,033)	(1)
Finance costs (Note 21)	<u>(125,285)</u>	<u>(3)</u>	<u>(137,387)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>1,985,188</u>	<u>45</u>	<u>(139,535)</u>	<u>(3)</u>
PROFIT (LOSS) BEFORE INCOME TAX	2,135,308	48	(118,089)	(3)
INCOME TAX EXPENSE (Note 22)	<u>988</u>	<u>-</u>	<u>22,287</u>	<u>-</u>
NET PROFIT (LOSS)	<u>2,134,320</u>	<u>48</u>	<u>(140,376)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(31,479)	(1)	1,383	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,712,848	39	1,603,870	35
Share of other comprehensive income of subsidiaries accounted for using the equity method	1,055,326	24	243,880	5

(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>6,300</u>	<u>-</u>	<u>(280)</u>	<u>-</u>
	<u>2,742,995</u>	<u>62</u>	<u>1,848,853</u>	<u>40</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	181,673	4	(869,671)	(19)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	4,485	-	(995)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>5,850</u>	<u>-</u>	<u>830</u>	<u>-</u>
	<u>192,008</u>	<u>4</u>	<u>(869,836)</u>	<u>(19)</u>
Other comprehensive income for the year, net of income tax	<u>2,935,003</u>	<u>66</u>	<u>979,017</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,069,323</u>	<u>114</u>	<u>\$ 838,641</u>	<u>18</u>
EARNINGS (LOSSES) PER SHARE (Note 23)				
Basic	<u>\$ 1.62</u>		<u>\$ (0.11)</u>	
Diluted	<u>\$ 1.62</u>		<u>\$ (0.11)</u>	

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

(Concluded)

UPC TECHNOLOGY CORP.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Retained Earnings						Exchange Differences on Translating Foreign Operations	Other Equity	Total	Treasury Shares	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2019	\$ 12,939,216	\$ 1,301,779	\$ 2,263,793	\$ 341,773	\$ 2,585,164	\$ 5,190,730	\$ (218,440)	\$ 752,079	\$ 533,639	\$ (191,301)	\$ 19,774,063
Appropriation of 2018 earnings											
Legal reserve	-	-	75,361	-	(75,361)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(256,767)	(256,767)	-	-	-	-	(256,767)
Share dividends distributed by the Company	385,150		-	-	(385,150)	(385,150)	-	-	-	-	-
Net loss in 2019	-	-	-	-	(140,376)	(140,376)	-	-	-	-	(140,376)
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	1,103	1,103	(869,836)	1,847,750	977,914	-	979,017
Total comprehensive income (loss) in 2019	-	-	-	-	(139,273)	(139,273)	(869,836)	1,847,750	977,914	-	838,641
Share-based payment transaction-Employees share option plan	-	25,330	-	-	-	-	-	-	-	190,449	215,779
Cancellation of treasury shares	(890)	38	-	-	-	-	-	-	-	852	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(8,404)	(8,404)	-	8,404	8,404	-	-
BALANCE AT DECEMBER 31, 2019	13,323,476	1,327,147	2,339,154	341,773	1,720,209	4,401,136	(1,088,276)	2,608,233	1,519,957	-	20,571,716
Appropriation of 2019 earnings											
Cash dividends distributed by the Company	-	-	-	-	(266,470)	(266,470)	-	-	-	-	(266,470)
Net profit in 2020	-	-	-	-	2,134,320	2,134,320	-	-	-	-	2,134,320
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(25,179)	(25,179)	192,008	2,768,174	2,960,182	-	2,935,003
Total comprehensive income in 2020	-	-	-	-	2,109,141	2,109,141	192,008	2,768,174	2,960,182	-	5,069,323
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	(454,093)	(454,093)
Share-based payment transaction - employees share option plan	-	34,225	-	-	-	-	-	-	-	-	34,225
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	312,139	312,139	-	(312,139)	(312,139)	-	-
BALANCE AT DECEMBER 31, 2020	\$ 13,323,476	\$ 1,361,372	\$ 2,339,154	\$ 341,773	\$ 3,875,019	\$ 6,555,946	\$ (896,268)	\$ 5,064,268	\$ 4,168,000	\$ (454,093)	\$ 24,954,701

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

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 2,135,308	\$ (118,089)
Adjustments for:		
Depreciation expenses	114,753	75,950
Amortization expenses	27,711	16,733
Expected credit loss recognized (reversed) on trade receivables	451	(1,613)
Finance costs	125,285	137,387
Interest income	(125)	(372)
Dividend income	(264,810)	(284,800)
Compensation costs of employee share-based payment	34,225	55,972
Share of profit or loss of subsidiaries accounted for using the equity method	(1,812,704)	303,639
Loss (gain) on disposal of property, plant and equipment	16	(82)
Write-downs of inventories	2,085	1,529
Gain on lease modification	(36)	-
Changes in operating assets and liabilities:		
Notes receivable	(15,486)	57,938
Trade receivables	25,424	(32,554)
Other receivables	(1,001)	867
Inventories	366,870	308,840
Other current assets	9,759	38,546
Trade payables	(84,728)	(159,551)
Other payables	117,185	(69,232)
Provisions	1,989	1,359
Other current liabilities	9,221	(56,364)
Net defined benefit liabilities	<u>2,825</u>	<u>3,452</u>
Cash generated from operations	794,217	279,555
Interest received	125	372
Income tax paid	<u>(786)</u>	<u>(5,487)</u>
Net cash generated from operating activities	<u>793,556</u>	<u>274,440</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	23,354	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	12,415
Proceeds from capital return of investments accounted for using the equity method	-	1,546,198
Increase in investment for using the equity method	-	(1,391,548)
Purchase of property, plant and equipment	(41,983)	(170,749)
Proceeds from disposal of property, plant and equipment	675	176
Increase in refundable deposits	(10,145)	(4,430)
Decrease in refundable deposits	4,866	4,120
		(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Increase in other non-current assets	(16,434)	(44,780)
Dividends received	<u>295,319</u>	<u>520,028</u>
Net cash generated from investing activities	<u>255,652</u>	<u>471,430</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	38,940,000	26,550,000
Repayments of long-term borrowings	(39,240,000)	(27,060,000)
Proceeds from guarantee deposits received	692	663
Refund of guarantee deposits received	(1,126)	(1,152)
Repayment of the principal portion of lease liabilities	(11,123)	(10,467)
Cash dividends paid	(266,470)	(256,767)
Payments for buy-back of ordinary shares	(454,093)	-
Proceeds from treasury shares transferred to employees	-	81,000
Interest paid	<u>(121,437)</u>	<u>(133,843)</u>
Net cash used in financing activities	<u>(1,153,557)</u>	<u>(830,566)</u>
NET DECREASE IN CASH	(104,349)	(84,696)
CASH AT THE BEGINNING OF THE YEAR	<u>237,252</u>	<u>321,948</u>
CASH AT THE END OF THE YEAR	<u>\$ 132,903</u>	<u>\$ 237,252</u>

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

(Concluded)

Comparison table of amendments to procedures on the 18th stock buy back transferred to employees.

Original Articles	Amended Articles	The amended reasons
Article 4: Qualification of transferee Full-time employees (including those who are part-time and consultants) in the Company, or domestic and foreign subsidiary companies, who have served in the position for at least one year before the subscription record date or have made special contributions to the Company approved by the chairman, are eligible to subscribing to the amount specified by Article 5 of the Measures. The recipients of distribution or transfer are limited to the employees of the company, domestic and foreign controlled or subsidiary companies. The abovementioned controlled or subsidiary companies are defined by the standards of Article 369-2, Article 369-3, Paragraph 2 of Article 369-9 and Article 369-11 of the Company Act. With respect to the abovementioned employees in the controlled or subsidiary companies, the CPAs should be contacted first for opinions on whether they meet the qualification requirements, and the opinions are reported to the board. However, those who are employees of a controlled or subsidiary company defined by Paragraph 1, Article 369-2 of the Company Act or a subsidiary company shall not be subject to this requirement. Those who are eligible to stock transfer and resign between the stock subscription record date and the subscription payment deadline will lose the qualification for subscription.	Article 4: Qualification of transferee <u>Full-time employees (including those who have retired and then re-employed), part-time employees who sign non-fixed term contracts and consultants</u> in the Company, domestic and foreign controlled or subsidiary companies, who have served in the position for at least one year before the subscription record date or have made special contributions to the Company approved by the chairman, are eligible to subscribing to the amount specified by Article 5 of the Measures. <u>The abovementioned</u> controlled or subsidiary companies are defined by the standards of Article 369-2, Article 369-3, Paragraph 2 of Article 369-9 and Article 369-11 of the Company Act. With respect to the <u>Paragraph 1</u> mentioned employees in the controlled or subsidiary companies, the CPAs should be contacted first for opinions on whether they meet the qualification requirements, and the opinions are reported to the board. However, those who are employees of a controlled or subsidiary company defined by Paragraph 1, Article 369-2 of the Company Act or a subsidiary company shall not be subject to this requirement. Those who are eligible to stock transfer and resign between the stock subscription record date and the subscription payment deadline will lose the qualification for subscription.	In response to the request by the Securities and Futures Bureau, this is amended in accordance with Jin-Guan-Zheng-Fa-Zhi Document #1070121068 dated December 27, 2018.
Article 11: Establishment date The measure was established on August 6, 2020.	Article 11: Establishment <u>and amendment</u> dates The measure was established on August 6, 2020. <u>The 1st amendment was on November 5, 2020.</u>	Add amendment cardinal number and date.

UPC Technology Corporation

The Comparison table of Rules of Procedure for Shareholders' Meetings

Original Articles	Amended Articles	The amended reasons
Article 3 (Convening shareholders' meetings and shareholders' meeting notices) Paragraphs 1, 2, and 3 are omitted. Election or dismissal of directors, changes in the article of incorporation, capital reduction, application for deregistration of equity shares, director non-competition agreement, capitalization of profits, capitalization of surplus, company dissolution, merger, split or the clauses in Paragraph 1, Article 185 of the Company Act should be listed in the purposes for convening the meeting, not proposed as an extraordinary motion. <u>The content may be posted on websites designated by the securities authority or the Company, and the website should be clearly stated in the notification.</u> If there is listed in the meeting notice that all directors will be elected and its onboard date, after election, the onboard cannot be changed by extraordinary motion or other methods. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, if the purpose of the shareholder proposal is to suggest Company enhance public interest or conduct its social responsibility, the board of director can still list the proposal into meeting agenda.</u> Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal. Remainder of page intentionally left blank.	Article 3 (Convening shareholders' meetings and shareholders' meeting notices) Paragraphs 1, 2, and 3 are omitted. Discussions concerning election or dismissal of directors, amendment of Articles of Incorporation, capital reduction, delisting, directors' competing business involvement, capitalization of earnings, capitalization of reserves, dismissal of the Company, merger, divestment, and any issues listed in Paragraph 1, Article 185 of The <u>Company Act; Articles 26-1 and 43-6 of the Securities and Exchange Act; and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> must be notified in advance with a summary explained as part of the meeting agenda, and cannot be raised in the form of a special motion. If there is listed in the meeting notice that all directors will be elected and its onboard date, after election, the onboard cannot be changed by extraordinary motion or other methods. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal. <u>Shareholders may submit proposals which aim to urge the Company to promote the public interest or fulfill social responsibilities. The proposals should cover 1 discussion item in accordance with Article 172-1 of the Company Act, and those with more than 1 will not be included in the motion.</u> Remainder of page intentionally left blank.	Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020, and announcement #1100001446 dated January 28, 2021 issued by the Taiwan Stock Exchange Corporation.

Original Articles	Amended Articles	The amended reasons
Article 9 Paragraph 1 omitted. The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. Remainder of page intentionally left blank.	Article 9 Paragraph 1 omitted. The chair is to call the meeting to order at the designated meeting time, <u>and at the same time announce the number of non-voting rights and number of shares present and other relevant information.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. Remainder of page intentionally left blank.	Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1100001446 dated January 28, 2021 issued by the Taiwan Stock Exchange Corporation.
Article 14 (Election Matter) The election of directors at a shareholders' meeting shall be held in accordance with the applicable <u>election and appointment rules</u> adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. Paragraph 2 omitted.	Article 14 (Election Matter) Shareholder meetings that involve election of directors shall proceed according to the Company's <u>election policy</u>. Results of the elections, including the list of elected directors and the final tally, must be announced on-site, <u>as well as those who are not elected and the number of shares they have.</u> Paragraph 2 omitted.	Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1100001446 dated January 28, 2021 issued by the Taiwan Stock Exchange Corporation.
Article 20 (Establishment and amendment dates) These Rules were established on <u>May 6, 1986</u>. The 1st amendment was on <u>May 7, 1996</u>; the 2nd amendment was on <u>May 26, 1998</u>; the 3rd amendment was on <u>May 30, 2002</u>; the 4th amendment was on <u>June 9, 2006</u>; the 5th amendment was on <u>June 14, 2010</u>, and the 6th amendment was on <u>June 23, 2015</u>. The 7th amendment was on <u>June 10, 2020</u>.	Article 20 (Establishment and amendment dates) These Rules were established on <u>May 6, 1986 (below is the same).</u> The 1st amendment was on <u>May 7, 1996</u>. The 2nd amendment was on <u>May 26, 1998</u>. The 3rd amendment was on <u>May 30, 2002</u>. The 4th amendment was on <u>June 9, 2006</u>. The 5th amendment was on <u>June 14, 2010</u>. The 6th amendment was on <u>June 23, 2015</u>. The 7th amendment was on <u>June 10, 2020</u>. <u>The 8th amendment was on June 10, 2021.</u>	Add article amendment times and date.

UPC Technology Corporation

Comparison of amendments to the Rules for Election of Directors.

Original Articles	Amended Articles	The amended reasons
<u>Rules for Election</u> of Directors	Directors Election <u>Procedures</u>	Revise title
	<u>Article 1</u> <u>The Procedures have been established in accordance with Article 21 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to ensure fairness, justice, and transparency in the election of directors.</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. This article is newly added.
Article <u>1</u> Unless otherwise specified by the <u>Company</u> Act and <u>the Company's</u> Articles of Incorporation, the <u>election</u> of directors is subject to the <u>Rules</u> for Election of Directors.	<u>Article 2</u> Unless otherwise specified by <u>law or the Articles</u> of Incorporation, <u>election</u> of the Company's directors <u>shall</u> proceed according to the <u>procedures</u> stated herein.	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Article number changes. 3. Wording amendment.
	<u>Article 3</u> <u>Directors of the Company shall be elected after taking into account the overall board allocation. Board members should be diversified in a manner that supports the Company's operations, business activities and growth. The diversification should be based on, but is not limited to the following two principles:</u> <u>I. Background and value: Gender, age, nationality, culture etc.</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation.

Original Articles	Amended Articles	The amended reasons
	<u>II. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing or technology), professional skill, and industry experience.</u> <u>All board members shall possess the knowledge, skills, and characters needed to exercise their duties. The board as a whole shall possess the following capacity:</u> <u>I. Ability to make operational judgments.</u> <u>II. Accounting and financial analysis.</u> <u>III. Business administration.</u> <u>IV. Crisis management.</u> <u>V. Industry knowledge.</u> <u>VI. Vision of the global market.</u> <u>VII. Leadership.</u> <u>VIII. Decision making.</u> <u>More than half of the Company's board members shall consist of persons who are neither a spouse nor a second-degree relative or closer to any director.</u> <u>Composition of the board of directors shall be determined after taking into consideration the overall performance evaluation.</u>	2. This article is newly added.
	<u>Article 4</u> <u>Independent directors are subject to the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."</u> <u>Elections of independent directors are subject to compliance with Articles 5, 6, 7, 8 and 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and Article 24 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. This article is newly added.
Article 2 The Company's directors are elected through the candidates nominating system <u>in accordance with</u> the Company Act and the <u>shareholders shall elect the directors from among the nominees listed in the roster of director candidates.</u> <u>The cumulative voting method shall be used for election of the</u>	Article 5 The election of directors shall adopt the nomination approach <u>in accordance with Article 192-1</u> of the Company Act. <u>If the Company has less than five active directors at any given time due to dismissal, a by-election shall be held in the upcoming shareholder meeting to fill the open position.</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by

Original Articles	Amended Articles	The amended reasons
<u>directors.</u> The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.	<u>However, if the shortfall amounts to one-third of the minimum seats mentioned in the Articles of Incorporation, the Company shall convene an extraordinary shareholder meeting within the next 60 days to elect candidates for the shortfall.</u> <u>If the number of independent directors falls short of the requirements stated in the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held in the upcoming shareholder meeting. If all independent directors have been dismissed from duty, the Company shall convene an extraordinary shareholder meeting within the next 60 days to elect candidates for the shortfall.</u>	the Taiwan Stock Exchange Corporation. 2. Article number changes. 3. The second paragraph of Article 2 is changed to Article 6.
	Article <u>6</u> <u>Elections of the Company's directors shall proceed using the cumulative method.</u> Each share is vested with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or spread across multiple candidates.	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Originally Paragraph 2, Article 2. 3. Text revision.
	<u>Article 7</u> <u>The board of directors shall produce ballots in quantities that match the number of directors to be elected, and apply weight before distributing them to shareholder meeting participants.</u> <u>Conference pass serial number can be printed on the ballot for identification purpose instead of voter's name.</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. This article is newly added.
Article <u>3</u> All of the directors shall <u>be elected from legally competent persons at the shareholders' meeting.</u> In accordance with the number of directors specified in the Company's Articles of Incorporation <u>and ballot summary from the electronic voting</u>	Article <u>8</u> The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for <u>independent and non-independent director positions.</u> <u>Those receiving ballots representing the highest numbers of</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated

Original Articles	Amended Articles	The amended reasons
<u>platform and statistical results from the shareholders' meeting, those receiving ballots representing the highest numbers of voting rights will be elected to be the directors and independent directors,</u> respectively, <u>sequentially according to their respective number of votes.</u> If two or more candidates receive the same number of votes, which consequently exceeds the number of directors to be elected, such candidates <u>shall</u> draw lots to decide the winner. If such candidate(s) is(/are) not present, the chairman shall draw lots on behalf of the candidate(s).	<u>voting rights will be elected sequentially according to their respective numbers of votes.</u> When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Article number changes.
Article 4 The separate ballots shall be prepared by the Company. The separate ballots should be in accordance to the attendance care numbers and shall specify the number of voting rights associated with each ballot. If voting is done by electronic voting, there is no need to prepare the separate ballot.		Delete.
Article <u>5</u> <u>When</u> the beginning of the elections, the chairman shall designate some monitoring personnel and counting staff, each of whom shall then respectively perform their relevant <u>monitoring</u> functions accordingly.	Article <u>9</u> <u>Before</u> the election begins, the chairperson <u>shall</u> appoint several <u>shareholders to undertake the roles</u> of ballot examiner and ballot counter to assist <u>in the</u> election. <u>The ballot box will be made available by the board of directors, and shall be opened for inspection by the ballot examiner prior to voting.</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Part of the text comes from the original Article 6.
Article 6 <u>The ballot boxes are prepared by the Company and publicly checked</u> by the vote monitoring personnel before voting commences.		1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Adjusted to be come part of Article 9.
Article 7		Delete.

Original Articles	Amended Articles	The amended reasons
In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the “candidate” column on the ballot such candidate’s account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in in the “candidate” column on the ballot such candidate’s name and tax ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the “candidate” column on the ballot with the name of such government or corporate shareholder, or the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed. When there are multiple representatives, the names of each respective representative shall be entered. The Company’s independent and non-independent directors could elected at the same time, but in separately calculated numbers.		
Article 8 A ballot is deemed void if any of the <u>circumstances</u> on the <u>left</u> occurs: I. <u>Ballots not placed in the ballot box.</u> II. <u>Ballots not prepared in accordance to the Guidelines.</u> III. <u>A blank ballot is placed in the ballot box.</u> IV. Where the candidate voted for is <u>a shareholder of the Company, such candidate’s account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry. Where the candidate voted for is not a shareholder of the Company, such candidate’s name or tax ID number</u> is verified to be incorrect. V. Any ballot with <u>characters, symbol, or unclear matters</u> other than the <u>candidate’s account name (name) or shareholder account number (ID number) and</u> the allocated number of voting rights. <u>VI. Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</u>	Article 10 Ballots are considered void in any of the <u>following circumstances</u>: I. <u>Not using the ballots prepared by the person with the right to convene the meeting.</u> II. <u>Casting of blank ballot into the ballot box.</u> III. <u>Ballots with illegible writing or are altered.</u> IV. The candidate name filled does not match with that on <u>the list of director candidates</u> upon verification. V. Ballots contain <u>writings</u> other than the number of voting rights allocated.	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Article number changes.

Original Articles	Amended Articles	The amended reasons
<u>VII. Any of the ballot items including the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights is altered.</u> <u>VIII. Any ballot without the candidate's account name (name) or shareholder account number (ID number).</u> <u>IX. Any ballot that is cast with the names of two or more candidates.</u>		
Article <u>9</u> The ballots shall be counted during the shareholders' meeting immediately after they are cast. The results shall be announced by the chairman.	Article <u>11</u> The ballots <u>shall</u> be counted during the shareholders' meeting immediately after they are cast. The results shall be announced by the chairperson. <u>The list of elected directors and the final tally must be announced on-site, including the list of those who are not elected and the number of shares they have. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.</u>	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation. 2. Article number changes.
Article 10 This <u>Guideline</u> shall take effect after having been submitted to and approved by the shareholder meeting. Subsequent <u>amendments</u> thereto shall be effected in the same manner.	Article <u>12</u> These <u>Procedures</u> are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the <u>revision</u>.	1. Amended in accordance with Tai-Zheng-Zhi-Li-Zhi announcement #1090009468 dated June 3, 2020 issued by the Taiwan Stock Exchange Corporation.

Original Articles	Amended Articles	The amended reasons
		2. Text revision.
Article <u>11</u> This Guideline was established in by a resolution of the shareholders' meeting on <u>May 6, 1988</u>. The 1st amendment was on <u>September 20, 1988</u>; the 2nd amendment was on <u>May 20, 1995</u>; the 3rd amendment was on <u>May 7, 1996</u>; the 4th amendment was on <u>May 30, 2002</u>, and the 5th amendment was on <u>June 23, 2015</u>.	Article <u>13</u> This Guideline was established by a resolution of the shareholders' meeting on <u>May 6, 1988</u>. The 1st amendment was on <u>September 20, 1988</u>. The 2nd amendment was on <u>May 20, 1995</u>. The 3rd amendment was on <u>May 7, 1996</u>. The 4th amendment was on <u>May 30, 2002</u>. The 5th amendment was on <u>June 23, 2015</u>. <u>The 6th amendment was on June 10, 2021.</u>	Add article amendment times and date.

List of candidates and the relevant information for the 16th term of board of directors of UPC Technology Corporation

Candidate type	Candidate name	Major Education and Experience	Major current position	Shareholding (2021/02/28)	Name of represented legal person
Directors	Matthew, Feng-Chiang Miao	Honorary Ph.D., National Chiao Tung University MBA, Santa Clara University BSEE, University of California, Berkeley Laureate of Industrial Technology Research Institute (ITRI) President, UPC Technology Corp. President, Linde Lienhwa Industrial Gases Co., Ltd. Chairman, SYNEX Corporation Independent Director, Galileo International, Inc. Independent Director, The BOC Group Plc. Independent Director, Linde AG Delegate, APEC Business Advisory Council (ABAC) Convener, Civil Advisory Committee of National Information & Communications Initiatives (NICI)	Chairman and CSO, Lien Hwa Industrial Holdings Corp. Chairman and CSO, UPC Technology Corp. Chairman and Overseas Operation CEO, Synnex Technology International Corp. Chairman and CSO, MiTAC Holdings Corp. Chairman and CEO, MiTAC Inc. Director, Getac Technology Corp. Director, MiTAC Information Technology Corp. Director, Linde Lienhwa Industrial Gases Co., Ltd. Independent Director, Cathay Financial Holding Co. Ltd. Independent Director, Cathay Century Insurance Co., Ltd. Independent Director, Cathay United Bank Company Limited Director, SYNEX Corporation Director, CTCI Foundation	424,880,973	Lien Hwa Industrial Holdings Corporation
Directors	Chun Chen	Visiting scholar, Frankfurt University-DAAD, Germany Master's degree from the	Chair professor at School of Business, Soochow University Director of Lien Hwa Industrial Holdings Corporation	424,880,973	Lien Hwa Industrial Holdings Corporation

		College of Law, National Taiwan University Vice Premier and Premier of the Executive Yuan Chairman of the Financial Supervisory Commission, Executive Yuan Chairman of Taiwan Cooperative Bank Chairman of Taiwan Stock Exchange Corporation	Independent director of TransGlobe Life Insurance Independent director of USI Corp Chairman of The Appacus Foundation		
Directors	Lin, Hsin-Hung	Bachelor of Department of Business Administration, National Taiwan University Vice president of administration management department of ORIENTAL UNION CHEMICAL CORPORATION Special assistance to chairman of MiTAC-SYNNEX Group Manager of Finance Department of UPC Technology Corp.	President of Lien Hwa Industrial Holdings Corporation	424,880,973	Lien Hwa Industrial Holdings Corporation
Directors	Jiang, Hui Jong	Master's degree and PHD from Northwestern University National Tsing Hua University Department of Chemical Engineering General Manager of THINTEC MATERIALS CORPORATION Supervisor of EPISTAR CORPORATION Supervisor of Asia Polymer Corporation	Special assistance to chairman of MiTAC-SYNNEX Group Independent director of HANNSTAR DISPLAY CORPORATION Independent director of ProLight Opto Technology	424,880,973	Lien Hwa Industrial Holdings Corporation

		Supervisor of Synnex International			
Directors	John, Feng-Sheng Miao	Master of Electrical Engineering, Santa Clara University, US President of MiTAC USA Chairman of Lien Hwa Industrial Holdings Corporation Han-Tong Venture Capital	Vice Chairman of Lien Hwa Industrial Holdings Corporation Director of MiTAC International Corporation Director of MiTAC Information Technology Corp. Honorary Chairman of Lien Hwa Industrial Holdings Corporation Director of Dachan Great Wall Group Chairman of Taiwan High Pressure Gas Industrial Association Supervisor of Harbinger Venture Capital	991,241	
Directors	Chang-Wei Hsueh	MBA, Cornell University Master of Engineering, University of California, Irvine	Chairman of Huanwarp Enterprise Vice Chairman of China Real Estate Management Director of Dah Chung Bills Finance	4,853,520	
Directors	Y. S. KO	Department of Chemical Engineering, Chung Yuan Christian University United Nylon China Phosphorus Corporation TSRC Corporation	President of UPC Technology Corporation; President of Wei-Cheng Investment, Taiwan United International, Zhenjiang UPC, Zhongshan UPC, Zhuhai UPC, Taizhou UPC, Taizhou Warehousing, Taizhou Plastics, Jiangsu Logistics, Guangdong Logistics, Panjin UPC, Panjin Warehousing, Panjin Materials, Nanchong UPC, Sichuan Logistics and other companies. Executive Director of Zhenjiang Lianju; Director at UPC Venture Capital, Lienhwa United LPG, Delta Chemicals, Asia Polymer Corporation, China General Terminal and Distribution Corporation, UPC CHEMICALS (MALAYSIA), UPCM Trading (Thailand), UPCM Trading (Vietnam).	2,548,728	

Independent Directors	Paul P. Wang	PhD, Carnegie Mellon University Senior manager and consultant of IBM headquarters in the US Consultant for Industrial Technology Research Institute and Institute for Information Industry of the Executive Yuan Chairman of Sercomm Corporation Chairman of PVP	Chairman of Sercomm Corporation Director of Taiwan Cement Corporation Director of Prosperity Dielectrics KT Li Foundation for Development of Science and Technology	0	
Independent Directors	Wenent P. PAN	Master and Ph.D. in Chemical Engineering, University of Wyoming, USA President and Chairman of CPC Corporation Chairman of Kuo Kuang Power Chairman of Gintech Energy	Chairman of CTCI Foundation Director of CTCI Independent director of CPDC Independent director of U-Ming Marine Transport Corporation Chemical Engineering(The Taiwan I. CH. E.) chairman	0	
Independent Directors	Jung-Chiou Hwang	Harvard Kennedy School - Taiwan Leadership Training Program PhD in Information Engineering, National Chiao Tung University Chairman of Taiwan Power Company Executive Deputy Chief of the Ministry of Economic Affairs Executive Director and Deputy Chairman of the State-Owned Enterprise Commission, MOEA	Professor emeritus at Chung Yuan Christian University Chairman of Taiwan Electric Power Association Director of Sun Yun Suan Foundation Supervisor of Chinese Association for Energy Economics	0	

		Adjunct research at Board of Science and Technology of the Executive Yuan Assistant Executive Secretary of the Digital Nation & Innovative Economic Development Program of the Executive Yuan Deputy Director, Director General of the Department of Industrial Technology, MOEA Director of HaoShi Foundation			
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Note:

- (1) Paul P. Wang has served as an independent director of the Company for three terms. He has rich experience in venture capital and fund management, and has served as a consultant for the electronics and traditional manufacturing industries. In 2020, he was selected as one of the top 100 CEOs in Taiwan by a well-known business magazine. Currently serving as a chairman and director of many companies, he has experience in financial accounting and strategic investment and development. He can provide important advice and significant benefits to the Company. The Company needs to rely on his expertise, and he can perform the duties of an independent director and elaborate his expertise to supervise the board and provide professional advice. Therefore, this election intends to continue to nominate him to serve as an independent director of the Company.
- (2) Wenent P. PAN has served as an independent director of the Company for three terms. He has a doctrate in chemical engineering and professional experience in petrochemical engineering. During his tenure serving as the chairman of CPC Corporation, he launched several major investment plans to improve the company's operating efficiency. Currently serving as a chairman, indepenent director and director of many companies, he has experience in financial accounting and corporate governance. He can provide important advice and significant benefits to the Company. The Company needs to rely on his expertise, and he can perform the duties of an independent director and elaborate his expertise to supervise the board and provide professional advice. Therefore, this election intends to continue to nominate him to serve as an independent director of the Company.

UPC Technology Corporation

Guidelines on the procedures of shareholders' meetings

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

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

Article 3 (Convening shareholders' meetings and shareholders' meeting notices)

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

Thirty days before a company is to convene an ordinary shareholder's meeting or fifteen days before a company is to convene an extraordinary shareholders' meeting, it shall prepare the shareholders' meeting notice, proxy materials and subject and details of relevant acknowledgment matter, discussion matter, director election and dismissal and relevant matter in electronic format and send them to Market Observation Post System. Twenty-one days before a company is to convene an ordinary shareholders' meeting or 15 days before it convenes an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the Market Observation Post System. 15 days before the date of the shareholders meeting, this Company shall also have prepared the shareholders meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, capital reduction, application to cease public offering, approval for director competition behavior, increase capital from earning, increase capital form capital reserve, the dissolution merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the Company Act shall be set out in the notice of their main reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion and the website should be clearly stated in the notification.

If there is listed in the meeting notice that all directors will be elected and its onboard date, after election, the onboard cannot be changed by extraordinary motion or other methods.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.

However, if the purpose of the shareholder proposal is to suggest Company enhance public interest or

conduct its social responsibility, the board of director can still list the proposal into meeting agenda.

Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal.

Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce that it will receive shareholder proposals, 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 Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Company 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 Company before 5 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. However, the shareholder can declare to cancel the proxy.

After a proxy form has been delivered to this Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Company before 2 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 (Principles determining the time and place of a shareholders' meeting)

The venue for a shareholders' meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 (Preparation of documents such as the attendance book)

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

The 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 (hereinafter referred to collectively as "shareholders") shall attend

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

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

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors or supervisors, 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 (Chairperson of the Shareholders' Meeting and Observers)

If a shareholders' meeting is convened by the board of directors of the Company, the Chairperson of the Board shall preside at such meeting. If the Chairperson of the Board is on leave or is unable to exercise his powers and duties for any reason, the Vice Chairperson of the Board shall preside at such meeting. The Chairperson of the Board shall designate a managing director to preside as the chairperson if a Vice Chairperson also is on leave, or for any reason unable to exercise the powers of the vice chairperson. If the Chairperson of the Board fails to designate a chairperson for the meeting, the directors shall nominate one from among themselves to preside at the meeting.

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

It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, (at least one independent director), the chairperson of audit committee and one member of each functional committee on behalf of the committee are in person. 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 chairperson the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.

The Company may designate legal counsels, certified public accountants and other relevant personnel to attend and observe the shareholders' meeting.

Article 8 (Documentation of a shareholders' meeting by audio or video)

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

The recorded materials of the preceding paragraph shall be retained for at least 1 year. However, if a lawsuit

has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

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 chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned.

If the 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 1 month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 (Proposal discussion)

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed, (including extraordinary motion and amendment to original motion), in the order set by the agenda, and be resolved motion by motion. The meeting agenda may not be changed without a resolution of the shareholders' meeting.

The preceding Paragraph shall apply *mutatis mutandis* to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs, (including extraordinary motion), except by a resolution of the shareholders' meeting. If the chairperson 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 chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson 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 chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote. The chairperson shall determine voting mode and sequence and arrange sufficient vote time.

Article 11 (Shareholders' statement)

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 chairperson.

An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of the shareholder's speech and those recorded on the slip, the contents of the shareholder's speech shall prevail.

Except with the consent of the chairperson, 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 chairperson may terminate the speech.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

If a shareholder who is a juristic person appoints two or more representatives to attend the meeting, only one representative may speak on any given proposal.

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

Article 12 (Calculation of voting shares and recusal system)

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

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

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

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

With the exception of a trust enterprise or a shareholders' 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 3 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 Company holds a shareholders' meeting, it shall allow the shareholders to exercise voting rights by electronic means and may allow the shareholders to exercise voting rights by correspondence means.

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 Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Company before 2 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 Company, by the same means by which the voting rights were exercised, before 2 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 Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, each proposal should be 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 Market Observation Post System.

When there is an amendment or an alternative to a proposal, the chairperson 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. Provided that if one of such proposal has been approved, the other proposals will be deemed to have been vetoed and no further action will be necessary.

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

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

Article 14 (Election matters)

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the

monitoring personnel and kept in proper custody for at least 1 year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

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 chairperson 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 in electronic form and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.

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 results(including statistical tallies). If there is director election, the statistical tallies of each director candidate shall be disclosed. It shall be retained for the duration of the existence of this Company.

Article 16 (Public disclosure)

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

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Company shall upload the content of such resolution to the Market Observation Post System within the prescribed time period.

Article 17 (Maintaining order at the meeting venue)

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

The chairperson may direct patrol personnel or security personnel to assist in maintaining order at the meeting. Such patrol personnel or security personnel shall wear arm badges marked "Patrol Personnel" while assisting in maintaining order at the meeting.

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 Company, the chairperson may prevent the shareholder from so doing.

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

Article 18 (Recess and resumption)

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

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

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 (Implementation)

These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

Article 20 (Establishment and amendment dates)

These Rules took effect as of 6 May, 1988. These Rules were first amended on 7 May, 1996. The second amendment was on 26 May, 1998. The third amendment was on 30 May, 2002. The fourth amendment was on 9 June, 2006. The fifth amendment was on 14 June, 2010. The sixth amendment was on 23 June, 2015. The seventh amendment was on 10 June, 2020.

Articles of Incorporation of UPC Technology Corporation

Chapter 1 General

Article 1: The Company is incorporated in accordance with the Company Law and relevant regulations and its Chinese name is “聯成化學科技股份有限公司” and the English is UPC Technology Corporation.

Article 2: The business operated by this Company are as follows:

1. C801010 Basic Chemical Industrial.
2. C801020 Petrochemical Materials Manufacturing.
3. C801100 Synthetic Resin and Plastic Manufacturing.
4. C801990 Other Chemical Materials Manufacturing.
5. C802120 Industrial and Additive Manufacturing.
6. C802990 Other Chemical Products Manufacturing.
7. F401010 International Trade.
8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The Company can conduct endorsement and guaranty.

Article 3: The headquarters of the Company are located in Taipei City, Taiwan. The Company may establish branches in Taiwan or overseas as the Company may require upon resolution by the board of directors of the Company (hereinafter referred to as the “Board or “Board of Directors”).

Article 4: For the amount of re-investment, the Company may not be bound by the restriction of forty percent of the paid-in capital.

Chapter 2 Shares

Article 5: The total capital amount of the Company shall be twenty billion New Taiwan Dollars (NT\$20,000,000,000), dividends into two billion (2,000,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share. An amount of point one hundred million shares out of the aforesaid capital is reserved to serve as subscription of employee warrants for employees, and authorizes the board of directors to issue such employee warrants separately. The board of directors may, based on practical needs, issue the remaining unissued shares separately and part of it can be preferred shares.

Article 5-1: The rights and obligations and other important issuance terms of preferred shares of the Company are as follows:

- I.** The dividends for preferred shares is limited to an annual rate of 8%, calculated by the issuance price per share, and the dividend may be one-time distributed in cash every year. After the financial statements are approved by the general shareholders' meeting, the board will determine the base date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and recovery is calculated by the actual issuance days of the current year.
- II.** The Company has discretion over the dividend distribution of preferred shares. The shareholders' meeting of the Company may resolve not to distribute dividends of preferred shares if there are no earnings in the annual accounts or the earnings are insufficient to distribute dividends of preferred shares or other necessary consideration. It is not a breach matter. If the preferred shares issued are of the non-accumulative type, the Company's resolution of undistributed dividends or the deficit of dividends will not be accumulated for preferred payment in the years with earnings in the future.
- III.** The dividends prescribed in Sub-paragraph 1 of this Paragraph, shareholders of preferred shares may not be a part of the cash and equity capital of earnings and additional paid-in capital of ordinary shares.
- IV.** The distribution priority for shareholders of preferred shares on the residual property of the Company is ahead of shareholders of ordinary shares and equal to the preferential order of shareholders of all preferred shares issued by the Company, and the preferential order is only lower than general creditors. Yet the distribution shall not exceed the then issued and outstanding preferred shares issuance amount when distributed.
- V.** Shareholders of preferred shares do not have the right to vote or suffrage. However, they will have the right to vote in the shareholders' meetings of preferred shares and shareholders' meetings that involve the rights and obligations of shareholders of preferred shares.
- VI.** Preferred shares may not be converted to ordinary shares.
- VII.** Preferred shares have no maturity. Shareholders of preferred shares do not have the right to request the Company to redeem preferred shares possessed by shareholders. But the Company may redeem all or partial preferred shares anytime on the next day after five years of issuance with the original issuance price. Unredeemed preferred shares shall continue to enjoy rights and obligations of issuance terms prescribed in above paragraphs. In the year of redeeming preferred shares, the dividends that shall be distributed until the redeem date shall be distributed in accordance with the actual issuance days of that year if

the shareholders' meeting of the Company decide to distribute dividends.

In the year of redeeming preferred shares, the dividends that shall be distributed until the redeem date shall be distributed in accordance with the actual issuance days of that year if the shareholders' meeting of the Company decide to distribute dividends.

VIII. During the preferred shares issuance period, except to reimburse deficit, capitalization is to be realized from capital reserve from the premiums of issuance of preferred shares above par.

The board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance after considering the situation of capital market and the willingness of investors to subscribe in accordance with Articles of Incorporation and related laws and regulations.

Article 6: All share certificates of the Company are registered and shall be issued after having been affixed with the signatures or personal seals of the director representing the company, assigned its serial number, and are duly certified or authenticated by the competent authority and other registered institutions designated by the competent authority.

The Company may be exempted from printing any share certificates of the shares issued and the Company shall register the issued shares with a centralized securities depository enterprise.

Article 7: The share certificate shall use the shareholder's true name. The natural person or juristic entity shall report the Company its name / the name of its representative, domicile and such information shall be recorded in the shareholder roster. If there is joint ownership on share, the joint owners should appoint one representative and record it on the shareholders' roster. If the share is owned by the government or juristic entity, the name of such government or juristic entity shall be recorded.

Article 8: Except otherwise regulated in laws or securities regulations, the shareholder services of the Company shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by competent authority.

Article 9: In the event to re-issue new share because of ownership transfer, or a lost or damaged share certificate, the Company can charge sufficient printing costs or reasonable fees for the stamp affixed.

Article 10: The transferee of the share should be recorded in the shareholders' roster within 60 days prior to the convening date of a regular shareholders' meeting, within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target dated fixed by the Company for the distribution of dividends, bonus or other benefits.

Article 10-1 The shares bought back by the Company could be assigned or transferred to the employees of a controlled or subordinated company.

The employee stock warrants issued by the Company could be issued to the employees of a controlled or subordinated company.

The new shares issued by the Company to the employee could be subscribed by the employees of controlled or subordinated company.

The new restricted employee shares issued by the Company could be issued to the employees of controlled or subordinated company.

The requirements of qualified employees of controlled or subordinated company under this Article are authorized to be decided by the Chairperson.

Chapter 3 Shareholders' meeting

Article 11: Shareholders' meeting shall be divided into two types:

- I. Ordinary shareholders' meeting:**
- II. Extraordinary shareholders' meeting.**

The regular shareholders' meeting shall be convened by the board of directors once a year within six months after the close of each fiscal year. Unless otherwise regulated in Company Act, the special shareholders' meeting shall be convened by the board of directors whenever necessary.

The shareholders' meeting of preferred shares may be convened in accordance with laws and regulations when necessary.

Article 12: Notice shall be given to the shareholders at least thirty (30) days prior to a regular shareholders' meeting, and at least fifteen (15) days prior to a special shareholders' meeting. The notice and announcement should state the date, place, and purpose of the meeting.

Article 13: Unless otherwise provided by the Company Act, all resolutions of a shareholders' meeting of the Company shall be passed, at a meeting attended by shareholders holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting.

Article 14: Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, the common shareholders of the Company shall be entitled to one vote for each share held at the shareholders' meeting. However, the shares that are held by the Company have no voting power in accordance with the laws.

Article 15: If a shareholder cannot attend a shareholders' meeting in person, he or she may issue a proxy, stating the scope of authorization, to authorize an agent to attend the meeting on his or her behalf. Unless otherwise regulated in Company Act, the shareholder's proxy shall be handled in accordance with "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies."

Article 16: The chairperson of the board of directors shall preside over the shareholders' meeting. In case the chairperson of the board of directors is absent, the vice chairperson shall act on his behalf in according with Article 208 of the Company Act. In case there is no vice chairperson, or the vice chairperson is also absent, the chairperson of the board of directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairperson from the board of directors. If a shareholders' meeting is

convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The shareholders' meeting shall be handled in accordance with the Company's guidelines on procedures of shareholders' meetings.

Article 17: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be distributed to all shareholders. The recording and storage of the meeting minutes shall be handled in accordance to the relevant regulations.

The attendance list bearing the signatures of the shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter 4 Directors

Article 18: The Company shall have seven to ten directors and among them at least three of them should be independent directors. All of the independent directors shall be elected from legally competent persons at the shareholders' meeting. After the election, the Company could purchase director liability insurance with the resolution of the board of directors. The Company may purchase D&O liability insurance to cover the directors for the liabilities they shall be responsible for while performing their duties. The board of directors is authorized to determine the directors' remuneration in accordance with the normal rates adopted by other companies in the same industry.

From the 14th board of directors, the Company's directors are elected through a candidates' nominating system in accordance with the Company Act and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates.

All the registered shares held by the directors shall comply with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."

Article 19: The term of directors is for three years and may be re-elected.

Article 20: The Chairperson of the Board of Directors shall be elected from among the directors by majority of the directors present at a meeting attended by more than two thirds of directors. The vice Chairperson of the Board of Directors may also be elected from among the directors in the same way as the Chairperson election.

Article 21: The Chairperson and vice Chairperson shall be responsible for all routine matters and the Chairperson shall externally represent the Company.

Article 22: Board meetings shall be convened and chaired by the chairperson of the board. If the Chairperson is absent, the vice chairperson shall act in place of the chairperson. Where the Chairperson and the Vice Chairperson of the Board are both absent, the Chairperson designates a director as a proxy and where no person is designated as the proxy, the directors shall elect a person from among themselves to act as the chairperson of the meeting.

The convening of the Board of Directors meeting shall be notified to the directors with the subject seven days in advance.

However, in case of an emergency, the meeting may be convened at any time.

The notice of convening in the preceding section shall be made in writing, through email or fax.

Article 23: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. If a director is unavailable to attend a meeting in person, the director may issue a proxy to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting. Such proxy shall be limited to the appointment of one person only.

In case a meeting of the board of directors is conducted via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 24: The board of directors has a secretary to handle the relevant matter of the board of directors.

Article 25: The Company shall set forth the Audit Committee, which comprises of all the independent directors, in accordance with the Securities and Exchange Act. The Audit Committee or its member shall be responsible for performing the power of supervisors as provided in the Company Act, the Securities and Exchange Act and the relevant laws and regulations.

Chapter 5 Personnel

Article 26: The Company may have managerial personnel, and the duties thereof shall be arranged according to the needs of the Company. The appointment and discharge of the managerial personnel shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Chapter 6 Accounting

Article 27: The fiscal year of the Company is from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Board of Directors shall prepare the following documents and submit to the general shareholders' meeting for acceptance:

- I. Business Report.**
- II. Financial statements.**
- III. Proposal on surplus distribution or loss compensation.**

Article 28: The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10 percent as legal reserve. The Company may then appropriate a certain amount as special reserve according to the relevant regulations. Residual earnings, if any, may be distributed first to the dividends that preferred shares may be distributed in the current year and then the remaining residual earnings, plus the accumulated undistributed earnings, may be appropriated to shareholders according to the distribution plan proposed by the board of directors. If such surplus earning is distrusted in the form of new share, it shall be submitted to the shareholders' meeting for approval. If such surplus earning is distributed in the form of cash, in accordance with the Paragraph 5 of Article 240 of the Company Act, it is authorized to the board of director to decide after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

If the Company has earnings after offsetting the prior years' accumulated losses, if any, the Company should distribute no less 1% of the earnings as employees' compensation and no more than 1% of the earnings as directors' compensation.

The distribution of employees' compensation could be in the form of shares and cash. The distribution of directors' compensation should be in the form of cash. Both aforesaid distributions should be adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

If the distribution of employees' compensation is in the form of shares, the qualified employees from controlled or subordinated companies who meet certain requirements could be included into the distribution list. The certain requirement is authorized to be decided by chairperson.

The Company is in the rapid change industry. In order to sustain operations and long-term development, when the board of directors proposes the earning distribution, the board of directors should consider long-term financial planning, future development and shareholder interest protection, etc. The board of director will consider the Company's financial structure, future fund demand and profit situation to decide the aforesaid earning distribution ratio and shareholder cash dividend of the shareholders' ratio. The cash dividends shall not be lower than the total dividends, but such ratio should be adjusted with the approval of the shareholders' meeting.

Article 28-1: If legal reserve and capital reserved are distrusted in the form of new shares, in accordance with Article 241 of the Company Act, it is authorized to the board of directors to decide after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- Article 29:** Matters not provided for in this Article will be handled in accordance with the Company Act of the Republic of China.
- Where overseas Chinese or foreign nationals invest in the Company, it shall be processed in accordance with the relevant laws and regulations.
- Article 30:** The internal organization of the Company and the operational regulations will be stipulated separately.
- Article 31:** This Article of Incorporation was passed in the meeting of promoters dated on 25 April, 1976; the first amendment was on 29 December, 1976, the second amendment was on 29 June, 1979; the third amendment was on 5 May, 1981; the fourth amendment was on 30 October, 1981; the fifth amendment was on 11 January, 1982; the sixth amendment was on 5 June, 1984; the seventh amendment was on 28 May, 1985; the eighth amendment was on 8 April 1986; the ninth amendment was on 28 May, 1987; the tenth amendment was on 6 May, 1988; the eleventh amendment was on 20 September, 1988; the twelfth amendment was on 16 June, 1989; the thirteenth amendment was on 11 May, 1990; the fourteenth amendment was on 16 May, 1991; the fifteen amendment was on 12 June, 1992; the sixteenth amendment was on 8 June, 1994; the seventeenth amendment was on 12 May, 1995; the eighteenth amendment was on 7 May, 1996; the nineteen amendment was on 7 May, 1996; the twentieth amendment was on 23 May, 1997; the twenty-first amendment was on 26 May, 1998; the twenty-second amendment was on 8 June, 1999; the twenty-third amendment was on 30 May, 2000; the twenty-fourth amendment was on 22 May, 2001; the twenty-fifth amendment was on 30 May, 2002; the twenty-sixth amendment was on 30 May, 2003; the twenty-seventh amendment was on 25 May, 2004; the twenty-eighth amendment was on 31 May, 2005; the twenty-ninth amendment was on 15 June, 2007; the thirtieth amendment was on 10 June, 2008; the thirty-first amendment was on 14 June, 2010; the thirty-second amendment was on 9 June, 2011; the thirty-third amendment was on 5 June, 2012; the thirty-fourth amendment was on 23 June, 2015; the thirty-fifth amendment was on 14 June, 2016; the thirty-sixth amendment was on 8 June, 2018; the thirty-seventh amendment was on 14 June, 2019; the thirty-eighth amendment was on 10 June, 2020

UPC Technology Corporation

Board of Directors Election Process

Article 1: Unless otherwise specified by the Company Act and the Company's Articles of Incorporation, the election of directors is subject to the Rules for Election of Directors.

Article 2: The Company's directors are elected through the candidates nominating system in accordance with the Company Act and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The cumulative voting method shall be used for election of the directors. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.

Article 3: All of the directors shall be elected from legally competent persons at the shareholders' meeting. In accordance with the number of directors specified in the Company's Articles of Incorporation and ballot summary from the electronic voting platform and statistical results from the shareholders' meeting, those receiving ballots representing the highest numbers of voting rights will be elected to be the directors and independent directors, respectively, sequentially according to their respective number of votes. If two or more candidates receive the same number of votes, which consequently exceeds the number of directors to be elected, such candidates shall draw lots to decide the winner. If such candidate(s) is/(are) not present, the chairman shall draw lots on behalf of the candidate(s).

Article 4: The separate ballots shall be prepared by the Company. The separate ballots should be in accordance to the attendance card numbers and shall specify the number of voting rights associated with each ballot. If voting is done by electronic voting, there is no need to prepare the separate ballot.

Article 5: Before the beginning of the elections, the chairman shall designate some monitoring personnel and counting staff, each of whom shall then respectively perform their relevant functions accordingly.

Article 6: The ballot boxes are prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.

Article 7: In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the "candidate" column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in in the "candidate" column on the ballot such candidate's name and ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the "candidate" column on the ballot with the name of such government or corporate shareholder, or the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed. When there are multiple representatives, the names of each respective representative shall be entered.

The Company's independent and non-independent directors could be elected at the same time, but in separately calculated numbers.

Article 8: Ballots are considered void in any of the following circumstances:

- I. Ballots not placed in the ballot box.
- II. Ballots not prepared in accordance to the Guidelines.
- III. A blank ballot is placed in the ballot box.
- IV. Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry.
Where the candidate voted for is not a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.
- V. Any ballot with characters, symbol, or unclear matters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.
- VI. Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.
- VII. Any of the ballot items including the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights is altered.
- VIII. Any ballot without the candidate's account name (name) or shareholder account number (ID number).
- IX. Any ballot that is cast with the names of two or more candidates.

Article 9: The ballots shall be counted during the shareholders' meeting immediately after they are cast. The results shall be announced by the chairman.

Article 10: This Guideline shall take effect after having been submitted to and approved by the shareholder meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 11: This Guideline was established in by a resolution of the shareholders' meeting on May 6, 1988. The 1st amendment was on September 20, 1988; the 2nd amendment was on May 20, 1995; the 3rd amendment was on May 7, 1996; the 4th amendment was on May 30, 2002, and the 5th amendment was on June 23, 2015.

UPC Technology Corporation

Measures for the 17th Stock Buy back Transferred to Employees

Article 1: Purpose and basis

In order to motivate employees and improve cohesion, the Company formulates the Measures for Stock Buy back for Transfers to Employees (hereinafter referred to as the Measures) in accordance with Article 28-2 of the Securities and Exchange Act and the "Regulations Governing Share Buy back by Exchange-Listed and OTC-Listed Companies" introduced by the Financial Supervisory Commission. Unless otherwise specified by other laws and regulations, the Company's stock buy back and transfers to employees shall be handled in accordance with these Measures.

Article 2: Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.

The shares to be transferred to employees are common stocks. Unless otherwise specified by relevant laws and regulations and the Measures, the rights and obligations of employees are the same as those common stocks outstanding.

Article 3: Transfer period

The shares buy back this time may be transferred to employees in one transaction or multiple installments within five years from the date of the buy back in accordance with the Measures. The untransferred shares past the deadline are considered as the Company's unissued shares, and shall be cancelled and have the registration changed.

Article 4: Qualification of transferee

Full-time employees (including those who are part-time and consultants) in the Company, or domestic and foreign subsidiary companies, who have served in the position for at least one year before the subscription record date or have made special contributions to the Company approved by the chairman, are eligible to subscribing to the amount specified by Article 5 of the Measures.

The recipients of distribution or transfer are limited to the employees of the company, domestic and foreign controlled or subsidiary companies. The abovementioned controlled or subsidiary companies are defined by the standards of Article 369-2, Article 369-3, Paragraph 2 of Article 369-9 and Article 369-11 of the Company Act.

With respect to the abovementioned employees in the controlled or subsidiary companies, the CPAs should be contacted first for opinions on whether they meet the qualification requirements, and the opinions are reported to the board. However, those who are employees of a controlled or subsidiary company defined by Paragraph 1, Article 369-2 of the Company Act or a subsidiary company shall not be subject to this requirement.

Those who are eligible to stock transfer and resign between the stock subscription record date and the subscription payment deadline will lose the qualification for subscription.

Article 5: Determine the number of shares to be transferred

The chairman is authorized to determine the number of shares available for employees' subscription.

The chairman shall consider the employees' position, rank, service tenure and contribution to the Company, and take into account the total number of shares bought back by the record date for subscription and the maximum number of shares to be subscribed by one employee to determine the number of shares that the employees can receive.

Employees who have not subscribed to shares by the subscription payment deadline will be considered as forfeiting the subscription. The chairman will contact other employees for subscription of the remaining amount.

Article 6: Transfer procedures

The operating procedures for the buy back of shares and transfer to employees are as follows:

- I. The share buy back program is announced, declared and implemented with a deadline in accordance with the board's resolution.
- II. The chairman shall, in accordance with these Measures, establish and announce the record date of employees' stock subscription, number of shares to be subscribed, subscription payment period, rights and obligations, limitations, criteria and other relevant matters.
- III. Count the actual number of shares subscribed and paid, and process the registration of share transfer.

Article 7: Agreed transfer price per share

The average price of the shares bought back is the transfer price (rounded to the nearest tenth in NT\$). If there is an increase in the Company's issued common stocks before the transfer, however, the number of shares available for transfer shall be adjusted proportionally.

Article 8: Rights and obligations after transfer

Unless otherwise specified, the shares bought back to be transferred to and registered for employees shall have the rights and obligations same as the original shares.

Article 9 : Other matters concerning the rights and obligations of the Company and employees

The chairman is authorized to formulate the relevant rules for the transfer of stocks bought back to employees.

Article 10: The Measures shall become effective after the resolution of the board, and shall be reported to the board for further amendments. The Measures shall also be reported at the shareholders' meeting, and likewise for the amendment.

Article 11: Establishment date

The Measures were established on June 10, 2020.

UPC Technology Corporation

Measures for the 18th Stock Buy back Transferred to Employees

- Article 1: Purpose and basis**
- In order to motivate employees and improve cohesion, the Company formulates the Measures for Stock Buy back for Transfers to Employees (hereinafter referred to as the Measures) in accordance with Article 28-2 of the Securities and Exchange Act and the "Regulations Governing Share Buy back by Exchange-Listed and OTC-Listed Companies" introduced by the Financial Supervisory Commission. Unless otherwise specified by other laws and regulations, the Company's stock buy back and transfers to employees shall be handled in accordance with these Measures.
- Article 2: Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.**
- The shares to be transferred to employees are common stocks. Unless otherwise specified by relevant laws and regulations and the Measures, the rights and obligations of employees are the same as those common stocks outstanding.
- Article 3: Transfer period**
- The shares bought back this time may be transferred to employees in one transaction or multiple installments within five years from the date of the buy back in accordance with the Measures. The untransferred shares past the deadline are considered as the Company's unissued shares, and shall be cancelled and have the registration changed.
- Article 4: Qualification of transferee**
- Full-time employees (including those who have retired and then re-employed), part-time employees who sign non-fixed term contracts and consultants in the Company, domestic and foreign controlled or subsidiary companies, who have served in the position for at least one year before the subscription record date or have made special contributions to the Company approved by the chairman, are eligible to subscribing to the amount specified by Article 5 of the Measures.
- The abovementioned controlled or subsidiary companies are defined by the standards of Article 369-2, Article 369-3, Paragraph 2 of Article 369-9 and Article 369-11 of the Company Act.
- With respect to the Paragraph 1 mentioned employees in the controlled or subsidiary companies, the CPAs should be contacted first for opinions on whether they meet the qualification requirements, and the opinions are reported to the board. However, those who are employees of a controlled or subsidiary company defined by Paragraph 1, Article 369-2 of the Company Act or a subsidiary company shall not be subject to this requirement.
- Those who are eligible to stock transfer and resign between the stock subscription record date and the subscription payment deadline will lose the qualification for subscription.
- Article 5: Determine the number of shares to be transferred**
- The chairman is authorized to determine the number of shares available for employees' subscription.
- The chairman shall consider the employees' position, rank, service tenure and contribution to the Company, and take into account the total number of shares bought back by the record date for subscription and the maximum number of shares to be subscribed by one employee to determine the number of shares that the employees can receive.
- Employees who have not subscribed to shares by the subscription payment deadline will be considered as forfeiting the subscription. The chairman will contact other employees for subscription of the remaining amount.
- Article 6: Transfer procedures**
- The operating procedures for the buy back of shares and transfer to employees are as follows:
- I. The share buy back program is announced, declared and implemented with a deadline in accordance with the board's resolution.
 - II. The chairman shall, in accordance with these Measures, establish and announce the record date of employees' stock subscription, number of shares to be subscribed, subscription payment period, rights and obligations, limitations, criteria and other relevant matters.

III. Count the actual number of shares subscribed and paid, and process the registration of share transfer.

Article 7: Agreed transfer price per share

The average price of the shares bought back is the transfer price (rounded to the nearest tenth in NT\$). If there is an increase in the Company's issued common stocks before the transfer, however, the number of shares available for transfer shall be adjusted proportionally.

Article 8: Rights and obligations after transfer

Unless otherwise specified, the shares bought back to be transferred to and registered for employees shall have the rights and obligations same as the original shares.

Article 9: Other matters concerning the rights and obligations of the Company and employees

The chairman is authorized to formulate the relevant rules for the transfer of stocks bought back to employees.

Article 10: The Measures shall become effective after the resolution of the board, and shall be reported to the board for further amendments. The Measures shall also be reported at the shareholders' meeting, and likewise for the amendment.

Article 11: Establishment and amendment dates

The measure was established on August 6, 2020.

The 1st amendment was on November 5, 2020.

UPC Technology Corporation

Record date: April 12, 2021

Position	Name	Shares Currently Owned			Others
		Type	Number of Shares	Outstanding % then accounted for	
Chairman of Board of Directors	Matthew, Feng-Chiang Miao	Common Stock	3,419,004	0.26%	
Directors	Lien Hwa Industrial Holdings Corporation representative: Chun Chen	Common Stock	424,880,973	31.89%	
Directors	Lien Hwa Industrial Holdings Corporation representative: Jiang, Hui Jong				
Directors	Lien Hwa Industrial Holdings Corporation representative: Lin, Hsin-Hung				
Directors	Y. S. KO	Common Stock	2,478,728	0.19%	
Directors	Chang-Wei Hsueh	Common Stock	4,853,520	0.36%	
Directors	John, Feng-Sheng Miao	Common Stock	991,241	0.07%	
Independent Director	Wenent P. PAN	Common Stock	0	0.00%	
Independent Director	Paul P. Wang	Common Stock	0	0.00%	
Independent Director	Jung-Chiou Hwang	Common Stock	0	0.00%	
Total		Common Stock	436,623,466		

The total issued shares on April 12, 2021: 1,332,347,607 shares

Note: The legal requirement of shares to be owned by the directors of the Company: 32,000,000 shares, as of April 12, 2021, held:

436,623,466 shares

© The shares held by independent directors should not be calculated as shares held by directors.

© The Company has audit committee so that the legal requirement of shares to be owned by supervisors does not apply.