

Stock Code: 1313

UPC Technology Corporation 2022 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.

May 26, 2022

Shareholders meeting will be held by means of :
physical shareholders meeting

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Agenda for the 2022 Annual General Meeting of UPC Technology Corporation

Time: 09:00 am, May 26, 2022 (Thursday)

Venue: 1F, No. 209, Section 1, Nangang Road, Nangang District, Taipei City

I. Chairperson's Opening Remarks

II. Reporting Item:

(I) 2021 Business Report.

(II) Audit Report by the Audit Committee.

(III) Distribution of Employees and Directors'

Remuneration for 2021.

(IV) Report on the 2021 Cash Dividends from Earnings Distribution.

III. Acknowledgement Item:

(I) Acknowledgement of 2021 Business Report and Financial Statements.

(II) Acknowledgement of 2021 Profit Distribution.

IV. Discussion Item:

(I) Discussion of Amendments to the Articles of Incorporation.

(II) Discussion of amendments to Procedures for Acquisition or Disposal of Assets of the Company

V. Extraordinary Motion

VI. Adjournment of the meeting

II. Reporting Item

I. Presenting the Company's 2021 Business Report for review.

Description: Please refer to Attachment 1 on pages 8 ~ 10 of this meeting manual.

II. Presenting the 2021 annual final accounting books and statements which have been audited by Audit Committee for review.

Description: Please refer to Attachment 2 on page 11 of this meeting manual.

III. Presenting the 2021 distribution of employees and directors' remuneration for review.

Description:

- (I) According to Article 28 of the Company's Articles of Incorporation, a portion of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' and directors' compensation. The percentage shall be no less than 1% for employees' compensation and shall not be higher than 1% for directors' compensation.**
- (II) The board of directors resolved to distribute NT\$32 million for employee remuneration, and NT\$10 million for director compensation for 2021, all of which will be paid in cash.**

IV. Presenting the 2021 cash dividends from earnings distribution 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 directors to approve the distribution and report it at the shareholders' meeting.

- (II) On March 8, 2022, the board meeting resolved to distribute cash dividends of NT\$1,311,830,607 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 less than NT\$1 will be listed as other incomes of the Company.
- (III) The cash dividends were distributed on April 27, 2022.

III. Acknowledgement Item

Motion 1

(Proposed by the board of directors)

Summary: Presenting the Company's 2021 business report and financial statements for acknowledgement.

Description:

- I. The 2021 business report and financial statements, which are audited by CPA, have been audited by the Company's audit committee. Please refer to Attachment 1 (page 8 ~ 10), Attachment 2 (page 11), and Attachment 3 (Page 12 ~ 31) 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 2021 earnings distribution for ratification.

Description:

I. The 2021 earnings distribution table is proposed as follows:

**UPC Technology Corporation
2021 Annual Profit Distribution Table**

Unit: NTD

Item	Amount	
Undistributed earnings at the beginning of the year		2,340,544,568
(I) Plus: Net income after taxes for the year	2,147,461,296	
Plus: Retained earnings of investment adjustment using the equity method.	445,907,469	
Less: Defined benefit plan re-measurement recognized in retained earnings	(19,681,943)	
Net income for the period plus the amount included in unappropriated earnings for the year other than net income for the period		2,573,686,822
(II) Less: Allocated legal reserve		(257,368,682)
Earnings available for distribution in the current period		4,656,862,708
(III) Distribution in the current period: Cash dividends: NT\$1 dollar per share		(1,311,830,607)
Undistributed earnings at the end of the year		3,345,032,101

Note:

- 1. The profit distribution proposal prioritizes the profit from 2021, 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 Article 28 of the Company's Articles of Incorporation, the board's cash dividends distribution is resolved and reported at the shareholders' meeting.**

II. The Company allocates the shareholders' bonuses, a total of NT\$1,311,830,607. The amount is determined based on the 1,311,830,607 shares with rights to participate in profit distribution. The cash dividends distributed in the proposal of the earnings distribution is calculated to the whole number. The sum of the fractional cash dividends less than NT\$1 will be listed as other incomes of the Company.

III. The documents submitted require ratification.

Resolution:

IV. Discussion Item

Motion 1

(Proposed by the board of directors)

Subject: Amendment of the Articles of Incorporation. The plan is presented for review and approval.

Description:

- I. According to rules and regulations and practical needs, it is proposed to amend the Company's Article of Incorporation provisions.**
- II. Please refer to Attachment 4 (page 32 ~ 35 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)

Subject: Amendment of Procedures for Acquisition or Disposal of Assets of the Company. The plan is presented for review and approval.

Description:

- I. According to rules and regulations and practical needs, it is proposed to amend the Company's Procedures for Acquisition or Disposal of Assets.**
- II. Please refer to Attachment 5 (page 36 ~ 45 of this meeting manual) for the comparison table of the amended articles. The proposal is presented for review and approval.**

Resolution:

V. Extraordinary Motion

VI. Adjournment of the meeting

UPC Technology Corporation Business Report

Looking back on 2021, the global economy recovered strongly after the pandemic slowed down. However, the economic growth in the second half of the year was stalled by the spread of the novel coronavirus variant and inflation. The Company has maintained stable profits by focusing on products, inventory control and scheduling, and creating a core competitive advantage.

One. 2021 Business Results

The net consolidated revenue in 2021 was NT\$81.942 billion, which was 58% over the previous year. The net profit after tax was NT\$ 2.147 billion, an increase of NT\$13 million over the previous year. The earnings per share after taxes was NT\$1.66.

The total output of the 2021 Group was 2.23 million tons, and the total sales volume was 1.87 million tons, which maintain the same level as the previous year.

Two. 2022 Business Outlook

Looking forward to 2022, the improving vaccination coverage and the resumption of economic and trade activities in various countries have resulted in the gradual recovery of the global economy. However, continuing pressure from inflation, fluctuations in oil prices and geopolitical instability are still the main factors that affect the economy. We will take a prudent and optimistic approach in strengthening corporate governance and improving the risk control ability to cope with future changes in the industry.

The business layout of the Company:

There are six business divisions, including Taiwan, South China, East China, Southwest China, Northeast China, and Malaysia to cover Greater China and Southwestern Asia Area. The Company expands its footprint to global markets such as South Asia, Northeast Asia and Central and South America.

The operation strategy of the Company listed as follow:

- I. The organizational structure of the Company is profit-centered business unit (BU) and supplemented by nine functional departments

to establish the system and integrate group resource. The nine functional departments will support BU to manage relevant operation activities more efficiently and achieve the operation goal.

- II. 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.
- III. With respect to logistics, trade and energy service, the Company uses current resources. It 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.
- IV. 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.
- V. The Company cooperates with international companies to develop high-value-added products.
- VI. With respect to occupational safety, fire protection and process safety, the Company, with the aim of zero occupational injuries, uses advanced monitoring and management systems to identify various potential risks, and incorporates the concept of process safety management (PSM).
- VII. With respect to environmental protection, the Company adopts the concept of circular economy and uses process waste heat recovery and energy-saving and carbon reduction schemes to achieve the sustainability goal of zero emissions and carbon neutrality.
- VIII. 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.

- IX. 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 : Miao, Matthew Feng Chiang

General Manager : Ko, Yi-Shaw

Chief Accounting Officer : Wu, Sheng-Chien Simon

UPC Technology Corporation

Audit Report by the Audit Committee

The board of directors prepares and submits 2021 financial statements (from January 1, 2021 to December 31, 2021), which have been audited by two attesting CPAs, Chien-Liang Liu and Wen-Chin Lin, of Deloitte Taiwan. The 2021 business report and earning distribution schedule are inspected to be in compliance with the Company Act and relevant regulations by the audit committee and prepare a report in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

To 2022 Annual General Meeting of UPC Technology Corporation

UPC Technology Corporation

Convener of audit committee: Wang, Paul P.

March 8, 2022

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, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 audits 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. 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

Recognition of Operating Revenue

The Group's main revenue came from the sales of plasticizers. Considering that the recognition of such revenue had a significant impact on the financial statements, we put the occurrence of plasticizers revenue as the key audit matter. In response to the aforementioned key audit matter, we performed audit procedures as follows: we assessed the related internal controls, checked the transaction records and supporting documents to ensure the occurrence of the transactions and confirmed that the recognition of revenue was in compliance with IFRS. For the accounting policies on revenue recognition, please refer to Note 4 (14) of the consolidated financial statements.

Other Matter

We have also audited the parent company only financial statements of UPC Technology Corp. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2022

Financial Supervisory Commission Authorized Letter
Jin Guan Zheng Shen Zi NO. 1000028068

Securities and Futures Bureau Authorized Letter

Tai Tsai Zheng Liu Zi NO. 0920123784

Notice to Readers

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

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

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,344,203	8	\$ 3,623,866	8
Financial assets at fair value through profit or loss (Note 7)	25,665	-	25,615	-
Financial assets at fair value through other comprehensive income (Notes 8)	1,163,669	2	1,161,393	3
Financial assets at amortized cost (Note 9 and 33)	33,049	-	32,937	-
Notes receivable (Note 10 and 17)	878,722	2	621,677	1
Trade receivables (Note 10)	4,063,394	8	3,364,231	8
Other receivables (Note 10)	240,416	-	199,323	1
Other receivables from related parties (Note 32)	3,856	-	3,599	-
Current tax assets (Note 26)	142,571	-	5,825	-
Inventories (Note 11)	8,633,424	16	5,874,979	13
Other current assets (Note 16)	<u>2,767,300</u>	<u>5</u>	<u>1,825,748</u>	<u>4</u>
Total current assets	<u>22,296,269</u>	<u>41</u>	<u>16,739,193</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	12,739,478	24	9,013,859	20
Investments accounted for using the equity method (Note 13)	18,441	-	18,970	-
Property, plant and equipment (Notes 14)	15,711,926	29	15,725,460	36
Right-of-use assets (Notes 15)	1,534,786	3	1,615,060	4
Computer software	10,797	-	15,544	-
Deferred income tax assets (Note 26)	819,056	2	673,853	1
Other non-current assets (Notes 16 and 32)	<u>641,091</u>	<u>1</u>	<u>398,698</u>	<u>1</u>
Total non-current assets	<u>31,475,575</u>	<u>59</u>	<u>27,461,444</u>	<u>62</u>
TOTAL	<u>\$ 53,771,844</u>	<u>100</u>	<u>\$ 44,200,637</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 10 and 17)	\$ 3,036,758	6	\$ 1,586,825	4
Notes payable (Note 19)	508,722	1	281,923	1
Trade payables (Notes 19 and 32)	2,171,713	4	1,500,723	3
Other payables (Note 20)	1,493,655	3	1,551,766	4
Current tax liabilities (Note 26)	105,721	-	245,350	1
Provisions (Note 21)	68,039	-	114,900	-
Lease liabilities - current (Note 15)	13,155	-	12,860	-
Current portion of long-term borrowings (Note 17)	300,000	-	-	-
Other current liabilities (Note 20)	<u>950,061</u>	<u>2</u>	<u>626,483</u>	<u>1</u>
Total current liabilities	<u>8,647,824</u>	<u>16</u>	<u>5,920,830</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	5,991,133	11	5,986,705	14
Long-term borrowings (Notes 17 and 34)	8,486,830	16	6,650,000	15
Provisions (Note 21)	10,363	-	8,201	-
Deferred tax liabilities (Note 26)	276,219	1	217,321	-
Lease liabilities - non-current (Note 15)	25,556	-	37,707	-
Long-term deferred revenue (Note 29)	171,296	-	184,988	-
Net defined benefit liabilities (Note 22)	252,480	-	226,795	1
Guarantee deposits received (Note 32)	<u>13,406</u>	<u>-</u>	<u>13,389</u>	<u>-</u>
Total non-current liabilities	<u>15,227,283</u>	<u>28</u>	<u>13,325,106</u>	<u>30</u>
Total liabilities	<u>23,875,107</u>	<u>44</u>	<u>19,245,936</u>	<u>44</u>
EQUITY (Note 23)				
Share capital				
Ordinary shares	13,471,206	25	13,323,476	30
Capital collected in advance	<u>6,559</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>13,477,765</u>	<u>25</u>	<u>13,323,476</u>	<u>30</u>
Capital surplus	<u>1,388,431</u>	<u>3</u>	<u>1,361,372</u>	<u>3</u>
Retained earnings				
Legal reserve	2,581,282	5	2,339,154	5
Special reserve	341,773	1	341,773	1
Unappropriated earnings	<u>4,914,231</u>	<u>9</u>	<u>3,875,019</u>	<u>9</u>
Total retained earnings	<u>7,837,286</u>	<u>15</u>	<u>6,555,946</u>	<u>15</u>
Other equity	<u>7,632,196</u>	<u>14</u>	<u>4,168,000</u>	<u>9</u>
Treasury shares	<u>(438,941)</u>	<u>(1)</u>	<u>(454,093)</u>	<u>(1)</u>
Total equity	<u>29,896,737</u>	<u>56</u>	<u>24,954,701</u>	<u>56</u>
TOTAL	<u>\$ 53,771,844</u>	<u>100</u>	<u>\$ 44,200,637</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, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 24)				
Sales	\$ 81,787,061	100	\$ 51,746,448	100
Other operating revenue	<u>155,367</u>	<u>-</u>	<u>120,391</u>	<u>-</u>
Total operating revenue	<u>81,942,428</u>	<u>100</u>	<u>51,866,839</u>	<u>100</u>
OPERATING COSTS (Note 25)				
Cost of goods sold (Notes 11 and 32)	76,694,876	94	47,150,010	91
Other operating cost	<u>108,976</u>	<u>-</u>	<u>82,118</u>	<u>-</u>
Total operating costs	<u>76,803,852</u>	<u>94</u>	<u>47,232,128</u>	<u>91</u>
GROSS PROFIT	<u>5,138,576</u>	<u>6</u>	<u>4,634,711</u>	<u>9</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	1,609,480	2	1,342,444	3
General and administrative expenses	1,075,547	1	1,013,490	2
Expected credit loss recognized	<u>5,660</u>	<u>-</u>	<u>5,567</u>	<u>-</u>
Total operating expenses	<u>2,690,687</u>	<u>3</u>	<u>2,361,501</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>2,447,889</u>	<u>3</u>	<u>2,273,210</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates accounted for using the equity method (Note 13)	12	-	(384)	-
Interest income	26,722	-	44,564	-
Other income (Notes 25 and 32)	671,133	1	566,055	1
Other gains and losses (Note 25)	(143,192)	-	73,879	-
Finance costs (Note 25)	<u>(233,694)</u>	<u>(1)</u>	<u>(274,044)</u>	<u>-</u>
Total non-operating income and expenses	<u>320,981</u>	<u>-</u>	<u>410,070</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,768,870	3	2,683,280	5
INCOME TAX EXPENSE (Note 26)	<u>(621,408)</u>	<u>(1)</u>	<u>(548,960)</u>	<u>(1)</u>
NET PROFIT	<u>2,147,462</u>	<u>2</u>	<u>2,134,320</u>	<u>4</u>

OTHER COMPREHENSIVE INCOME (Note 23)

(Continued)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(24,602)	-	(31,479)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	4,167,086	5	2,767,935	5
Share of the other comprehensive gain (loss) of associates accounted for using the equity method (Note 13)	(9)	-	239	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	4,920	-	6,300	-
	<u>4,147,395</u>	<u>5</u>	<u>2,742,995</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(260,103)	-	186,158	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	3,130	-	5,850	-
	<u>(256,973)</u>	<u>-</u>	<u>192,008</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>3,890,422</u>	<u>5</u>	<u>2,935,003</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,037,884</u>	<u>7</u>	<u>\$ 5,069,323</u>	<u>10</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 1.66</u>		<u>\$ 1.62</u>	
Diluted	<u>\$ 1.62</u>		<u>\$ 1.62</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital			Capital Surplus	Retained Earnings				Exchange Differences on Translating	Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Capital Collected in Advance	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
BALANCE AT JANUARY 1, 2020	\$ 13,323,476	\$ -	\$ 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	-	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
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	242,128	-	(242,128)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,292,348)	(1,292,348)	-	-	-	-	(1,292,348)
Dividends from claims extinguished by prescription	-	-	-	585	-	-	-	-	-	-	-	-	585
Net profit in 2021	-	-	-	-	-	-	2,147,462	2,147,462	-	-	-	-	2,147,462
Other comprehensive income in 2021, net of income tax	-	-	-	-	-	-	(19,682)	(19,682)	(256,973)	4,167,077	3,910,104	-	3,890,422
Total comprehensive income in 2021	-	-	-	-	-	-	2,127,780	2,127,780	(256,973)	4,167,077	3,910,104	-	6,037,884
Issue of ordinary shares under employee share options	147,730	6,559	154,289	(16,250)	-	-	-	-	-	-	-	-	138,039
Treasury shares transferred to employees	-	-	-	(2,721)	-	-	-	-	-	-	-	15,152	12,431
Compensation costs of share-based payments recognized by the Company	-	-	-	45,445	-	-	-	-	-	-	-	-	45,445
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	445,908	445,908	-	(445,908)	(445,908)	-	-
BALANCE AT DECEMBER 31, 2021	<u>\$ 13,471,206</u>	<u>\$ 6,559</u>	<u>\$ 13,477,765</u>	<u>\$ 1,388,431</u>	<u>\$ 2,581,282</u>	<u>\$ 341,773</u>	<u>\$ 4,914,231</u>	<u>\$ 7,837,286</u>	<u>\$ (1,153,241)</u>	<u>\$ 8,785,437</u>	<u>\$ 7,632,196</u>	<u>\$ (438,941)</u>	<u>\$ 29,896,737</u>

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,768,870	\$ 2,683,280
Adjustments for:		
Expected credit loss recognized on trade receivables	5,660	5,567
Depreciation expenses	1,748,984	1,725,002
Amortization expenses	206,011	207,660
Finance costs	233,694	274,044
Interest income	(26,722)	(44,564)
Dividend income	(378,426)	(302,927)
Compensation costs of employee share-based payment	45,445	34,225
Loss on disposal of property, plant and equipment	17,708	4,527
Gain on disposal of right-of-use assets	(125,554)	-
Net gain on fair value changes of financial assets as at fair value through profit or loss	(50)	(118)
Share of (profit) loss of associates accounted	(12)	384
Long-term deferred revenue transferred to other income	(12,703)	(12,530)
Write-down (reversed) of inventories	596,543	(61,115)
Loss on lease modification, net	-	2,854
Changes in operating assets and liabilities:		
Notes receivable	(256,762)	90,999
Trade receivables	(704,701)	(350,107)
Other receivables	(44,281)	2,912
Other receivables from related parties	(257)	(2,302)
Inventories	(3,354,543)	842,303
Other current assets	(941,552)	77,327
Notes payable	226,799	(1,339,953)
Trade payables	670,990	(514,816)
Other payables	(55,854)	358,488
Provisions	(44,699)	4,837
Other current liabilities	323,578	51,204
Net defined benefit liabilities	(5,794)	2,825
Cash generated from operations	892,372	3,740,006
Interest received	29,910	42,685
Income tax paid	(975,421)	(334,497)
Net cash (used in) generated from operating activities	(53,139)	3,448,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(287,655)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	703,291	548,545
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	23,044	-

(Continued)

UPC TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at amortized cost	\$ (288)	\$ (365)
Proceeds from sale of financial assets at amortized cost	-	15,162
Proceeds from sale of financial assets at fair value through profit or loss	-	4,000
Purchase for property, plant and equipment	(2,009,963)	(902,427)
Proceeds from disposal of property, plant and equipment	11,481	6,171
Increase in refundable deposits	(14,237)	(10,449)
Decrease in refundable deposits	5,024	4,938
Payments for computer software	(3,546)	(16,323)
Proceeds from disposal of right-of-use assets	148,147	-
Increase in other non-current assets	(228,713)	(82,778)
Dividends received	378,426	302,927
Net cash used in investing activities	<u>(1,274,989)</u>	<u>(130,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	45,721,073	30,013,580
Repayments of short-term borrowings	(44,262,594)	(33,412,062)
Proceeds from long-term borrowings	40,092,350	39,067,850
Repayments of long-term borrowings	(37,913,326)	(39,909,172)
Proceeds from guarantee deposits received	27	691
Refund of guarantee deposits received	(10)	(1,126)
Repayment of the principal portion of lease liabilities	(17,683)	(13,294)
Cash dividends paid	(1,292,348)	(266,470)
Proceeds from exercise of employee share options	138,039	-
Payment from buy-back of ordinary shares	-	(454,093)
Proceeds from treasury shares transferred to employees	12,431	-
Interest paid	<u>(230,482)</u>	<u>(284,928)</u>
Net cash generated from (used in) financing activities	<u>2,247,477</u>	<u>(5,259,024)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(199,012)</u>	<u>240,322</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	720,337	(1,701,107)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,623,866</u>	<u>5,324,973</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,344,203</u>	<u>\$ 3,623,866</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. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2021. 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.

The key audit matter of the Company's financial statements for the year ended December 31, 2021 is described as follows:

Recognition of Operating Revenue

The Company's main revenue came from the sales of plasticizers. Considering that the recognition of such revenue had a significant impact on the financial statements, we put the occurrence of plasticizers revenue as the key audit matter. In response to the aforementioned key audit matter, we performed audit procedures as follows: we assessed the related internal controls, checked the transaction records and supporting documents to ensure the occurrence of the transactions and confirmed that the

recognition of revenue was in compliance with IFRS. For the accounting policies on revenue recognition, please refer to Note 4 (12) 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2022

Financial Supervisory Commission Authorized Letter
Jin Guan Zheng Shen Zi NO. 1000028068

Securities and Futures Bureau Authorized Letter

Tai Tsai Zheng Liu Zi NO. 0920123784

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash (Note 6)	\$ 307,883	1	\$ 132,903	1
Notes receivable (Note 8)	32,014	-	44,747	-
Trade receivables (Notes 8 and 27)	633,669	1	362,992	1
Other receivables (Note 27)	10,549	-	4,648	-
Current tax assets	7,835	-	-	-
Inventories (Note 9)	1,587,220	4	819,171	2
Other current assets (Note 13)	<u>93,058</u>	<u>-</u>	<u>33,933</u>	<u>-</u>
Total current assets	<u>2,672,228</u>	<u>6</u>	<u>1,398,394</u>	<u>4</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	12,052,314	26	8,334,557	22
Investments accounted for using the equity method (Note 10)	29,108,413	63	26,849,712	69
Property, plant and equipment (Note 11)	2,018,255	5	1,872,916	5
Right-of-use assets (Note 12)	19,593	-	24,193	-
Deferred income tax assets (Note 22)	97,840	-	83,150	-
Other non-current assets (Note 13)	<u>68,021</u>	<u>-</u>	<u>64,522</u>	<u>-</u>
Total non-current assets	<u>43,364,436</u>	<u>94</u>	<u>37,229,050</u>	<u>96</u>
TOTAL	<u>\$ 46,036,664</u>	<u>100</u>	<u>\$ 38,627,444</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Notes 16 and 27)	\$ 706,766	2	\$ 282,516	1
Other payables (Note 17)	174,759	-	222,928	-
Current tax liabilities (Note 22)	32,000	-	7,447	-
Lease liabilities - current (Note 12)	10,514	-	10,514	-
Current portion of long-term borrowings (Note 14)	300,000	1	-	-
Other current liabilities (Note 17)	<u>21,690</u>	<u>-</u>	<u>32,817</u>	<u>-</u>
Total current liabilities	<u>1,245,729</u>	<u>3</u>	<u>556,222</u>	<u>1</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 15)	5,991,133	13	5,986,705	15
Long-term borrowings (Note 14)	8,400,000	18	6,650,000	17
Provisions (Note 18)	10,363	-	8,201	-
Deferred tax liabilities (Note 22)	217,308	-	217,318	1
Lease liabilities - non-current (Note 12)	9,508	-	14,112	-
Net defined benefit liabilities (Note 19)	252,480	1	226,795	1
Guarantee deposits received (Note 27)	<u>13,406</u>	<u>-</u>	<u>13,390</u>	<u>-</u>
Total non-current liabilities	<u>14,894,198</u>	<u>32</u>	<u>13,116,521</u>	<u>34</u>
Total liabilities	<u>16,139,927</u>	<u>35</u>	<u>13,672,743</u>	<u>35</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	13,471,206	29	13,323,476	34
Capital collected in advance	<u>6,559</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>13,477,765</u>	<u>29</u>	<u>13,323,476</u>	<u>34</u>
Capital surplus	<u>1,388,431</u>	<u>3</u>	<u>1,361,372</u>	<u>4</u>
Retained earnings				
Legal reserve	2,581,282	5	2,339,154	6
Special reserve	341,773	1	341,773	1
Unappropriated earnings	<u>4,914,231</u>	<u>11</u>	<u>3,875,019</u>	<u>10</u>
Total retained earnings	<u>7,837,286</u>	<u>17</u>	<u>6,555,946</u>	<u>17</u>
Other equity	<u>7,632,196</u>	<u>17</u>	<u>4,168,000</u>	<u>11</u>
Treasury shares	<u>(438,941)</u>	<u>(1)</u>	<u>(454,093)</u>	<u>(1)</u>
Total equity	<u>29,896,737</u>	<u>65</u>	<u>24,954,701</u>	<u>65</u>
TOTAL	<u>\$ 46,036,664</u>	<u>100</u>	<u>\$ 38,627,444</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
SALES (Note 27)	\$ 5,686,456	100	\$ 4,439,090	100
COST OF GOODS SOLD (Notes 9, 21 and 27)	<u>5,254,978</u>	<u>92</u>	<u>3,849,801</u>	<u>87</u>
GROSS PROFIT	<u>431,478</u>	<u>8</u>	<u>589,289</u>	<u>13</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	158,930	3	160,000	4
General and administrative expenses	275,868	5	278,718	6
Expected credit loss recognized	<u>295</u>	<u>-</u>	<u>451</u>	<u>-</u>
Total operating expenses	<u>435,093</u>	<u>8</u>	<u>439,169</u>	<u>10</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(3,615)</u>	<u>-</u>	<u>150,120</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries accounted for using the equity method	2,084,292	37	1,812,704	41
Interest income	25	-	125	-
Other income (Notes 21 and 27)	473,635	8	341,494	8
Other gains and losses (Note 21)	(252,822)	(5)	(43,850)	(1)
Finance costs (Note 21)	<u>(126,285)</u>	<u>(2)</u>	<u>(125,285)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>2,178,845</u>	<u>38</u>	<u>1,985,188</u>	<u>45</u>
PROFIT BEFORE INCOME TAX	2,175,230	38	2,135,308	48
INCOME TAX EXPENSE (Note 22)	<u>27,768</u>	<u>-</u>	<u>988</u>	<u>-</u>
NET PROFIT	<u>2,147,462</u>	<u>38</u>	<u>2,134,320</u>	<u>48</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(24,602)	-	(31,479)	(1)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	3,723,068	65	1,712,848	39
Share of other comprehensive income of subsidiaries accounted for using the equity method	444,009	8	1,055,326	24

(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>4,920</u>	<u>-</u>	<u>6,300</u>	<u>-</u>
	<u>4,147,395</u>	<u>73</u>	<u>2,742,995</u>	<u>62</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(259,585)	(5)	181,673	4
Share of other comprehensive (loss) income of subsidiaries accounted for using the equity method	(518)	-	4,485	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,130</u>	<u>-</u>	<u>5,850</u>	<u>-</u>
	<u>(256,973)</u>	<u>(5)</u>	<u>192,008</u>	<u>4</u>
Other comprehensive income for the year, net of income tax	<u>3,890,422</u>	<u>68</u>	<u>2,935,003</u>	<u>66</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,037,884</u>	<u>106</u>	<u>\$ 5,069,323</u>	<u>114</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 1.66</u>		<u>\$ 1.62</u>	
Diluted	<u>\$ 1.62</u>		<u>\$ 1.62</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital			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 Collected in Advance	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2020	\$ 13,323,476	\$ -	\$ 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	-	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
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	242,128	-	(242,128)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,292,348)	(1,292,348)	-	-	-	-	(1,292,348)
Dividends from claims extinguished by prescription	-	-	-	585	-	-	-	-	-	-	-	-	585
Net profit in 2021	-	-	-	-	-	-	2,147,462	2,147,462	-	-	-	-	2,147,462
Other comprehensive income in 2021, net of income tax	-	-	-	-	-	-	(19,682)	(19,682)	(256,973)	4,167,077	3,910,104	-	3,890,422
Total comprehensive income in 2021	-	-	-	-	-	-	2,127,780	2,127,780	(256,973)	4,167,077	3,910,104	-	6,037,884
Issue of ordinary shares under employee share options	147,730	6,559	154,289	(16,250)	-	-	-	-	-	-	-	-	138,039
Treasury shares transferred to employees	-	-	-	(2,721)	-	-	-	-	-	-	-	15,152	12,431
Compensation costs of share-based payments recongized by the Company	-	-	-	45,445	-	-	-	-	-	-	-	-	45,445
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	445,908	445,908	-	(445,908)	(445,908)	-	-
BALANCE AT DECEMBER 31, 2021	<u>\$ 13,471,206</u>	<u>\$ 6,559</u>	<u>\$ 13,477,765</u>	<u>\$ 1,388,431</u>	<u>\$ 2,581,282</u>	<u>\$ 341,773</u>	<u>\$ 4,914,231</u>	<u>\$ 7,837,286</u>	<u>\$ (1,153,241)</u>	<u>\$ 8,785,437</u>	<u>\$ 7,632,196</u>	<u>\$ (438,941)</u>	<u>\$ 29,896,737</u>

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

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,175,230	\$ 2,135,308
Adjustments for:		
Depreciation expenses	121,786	114,753
Amortization expenses	28,596	27,711
Expected credit loss recognized on trade receivables	295	451
Finance costs	126,285	125,285
Interest income	(25)	(125)
Dividend income	(314,750)	(264,810)
Compensation costs of employee share-based payment	45,445	34,225
Share of profit or loss of subsidiaries accounted for using the equity method	(2,084,292)	(1,812,704)
Loss on disposal of property, plant and equipment	6,285	16
Write-downs of inventories	2,495	2,085
Gain on lease modification	-	(36)
Changes in operating assets and liabilities:		
Notes receivable	13,016	(15,486)
Trade receivables	(270,670)	25,424
Other receivables	(5,901)	(1,001)
Inventories	(770,544)	366,870
Other current assets	(59,231)	9,759
Trade payables	424,250	(84,728)
Other payables	(44,829)	117,185
Provisions	2,162	1,989
Other current liabilities	(11,127)	9,221
Net defined benefit liabilities	1,083	2,825
Cash (used in) generated from operations	(614,441)	794,217
Interest received	25	125
Income tax paid	(17,700)	(786)
Net cash (used in) generated from operating activities	(632,116)	793,556
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	5,311	-
Increase in investment for using the equity method	(277,898)	-
Purchase of property, plant and equipment	(267,228)	(41,983)
Proceeds from disposal of property, plant and equipment	350	675
Increase in refundable deposits	(4,824)	(10,145)
Decrease in refundable deposits	4,607	4,866
Increase in other non-current assets	(31,723)	(16,434)
Dividends received	602,145	295,319

(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
Net cash generated from investing activities	\$ 30,740	\$ 255,652
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	39,209,000	38,940,000
Repayments of long-term borrowings	(37,159,000)	(39,240,000)
Proceeds from guarantee deposits received	26	692
Refund of guarantee deposits received	(10)	(1,126)
Repayment of the principal portion of lease liabilities	(10,516)	(11,123)
Cash dividends paid	(1,292,348)	(266,470)
Proceeds from exercise of employee share options	138,039	-
Payments for buy-back of ordinary shares	-	(454,093)
Proceeds from treasury shares transferred to employees	12,431	-
Interest paid	(121,266)	(121,437)
Net cash generated from (used in) financing activities	776,356	(1,153,557)
NET INCREASE (DECREASE) IN CASH	174,980	(104,349)
CASH AT THE BEGINNING OF THE YEAR	132,903	237,252
CASH AT THE END OF THE YEAR	\$ 307,883	\$ 132,903

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

UPC Technology Corporation

The Comparison Table of Amended Articles of Incorporation

Amended Articles	Original Articles	The amended reasons
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 the 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. <u>The shareholder meeting may be held by visual communication network or other methods promulgated by the</u>	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 the 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.	1. The amendment of Article 172-2 of the Company Act announced on December 29, 2021 stated that public companies may adopt visual communication network for a shareholders' meeting. According to Paragraph 1 of the article, the Company's Articles of Incorporation may specify that shareholder meetings may be held by visual communication network or other means announced by the central competent authority. 2. In response to the central competent authority's promotion of visual communication network in shareholder meetings and the needs in the digital era, the provisions of the 4th paragraph are added to provide shareholders with better accessibility to shareholder meetings.

Amended Articles	Original Articles	The amended reasons
<u>central competent authority.</u>		
Article 31 The Articles of Incorporation were established in accordance with the law on <u>April 25, 1976</u> ; the first amendment was made on <u>December 29, 1976</u> , the second amendment was made on <u>June 29, 1979</u> ; the third amendment was made on <u>May 5, 1981</u> ; the fourth amendment was made on <u>October 30, 1981</u> ; the fifth amendment was made on <u>January 11, 1982</u> ; the sixth amendment was made on <u>June 5, 1984</u> ; the seventh amendment was made on <u>May 28, 1985</u> ; the eighth amendment was made on <u>April 8, 1986</u> ; the ninth amendment was made on <u>May 28, 1987</u> ; the tenth amendment was made on <u>May 6, 1988</u> ; the eleventh amendment was made on <u>September 20, 1988</u> ; the twelfth amendment was made on <u>June 16, 1989</u> ; the thirteenth amendment was made on <u>May 11, 1990</u> ; the fourteenth amendment was made on	Article 31 This Article of Incorporation was passed in the meeting of promoters dated on <u>April 25, 1976</u> ; the first amendment was on <u>December 29, 1976</u> , the second amendment was on <u>June 29, 1979</u> ; the third amendment was on <u>May 5, 1981</u> ; the fourth amendment was on <u>October 30, 1981</u> ; the fifth amendment was on <u>January 11, 1982</u> ; the sixth amendment was on <u>June 5, 1984</u> ; the seventh amendment was on <u>May 28, 1985</u> ; the eighth amendment was on <u>April 8, 1986</u> ; the ninth amendment was on <u>May 28, 1987</u> ; the tenth amendment was on <u>May 6, 1988</u> ; the eleventh amendment was on <u>September 20, 1988</u> ; the twelfth amendment was on <u>June 16, 1989</u> ; the thirteenth amendment was on <u>May 11, 1990</u> ;	Add article amendment times and date.

Amended Articles	Original Articles	The amended reasons
<u>May 16, 1991</u>; the fifteen amendment was made on <u>June 12, 1992</u>; the sixteenth amendment was made on <u>June 8, 1994</u>; the seventeenth amendment was made on <u>May 12, 1995</u>; the eighteenth amendment was made on <u>May 7, 1996</u>; the nineteen amendment was made on <u>May 7, 1996</u>; the twentieth amendment was made on <u>May 23, 1997</u>; the twenty-first amendment was made on <u>May 26, 1998</u>; the twenty-second amendment was made on <u>June 8, 1999</u>; the twenty-third amendment was made on <u>May 30, 2000</u>; the twenty-fourth amendment was made on <u>May 22, 2001</u>; the twenty-fifth amendment was made on <u>May 30, 2002</u>; the twenty-sixth amendment was made on <u>May 30, 2003</u>; the twenty-seventh amendment was made on <u>May 25, 2004</u>; the twenty-eighth amendment was made on <u>May 31, 2005</u>; the twenty-ninth amendment was made on <u>June 15, 2007</u>; the thirtieth amendment	the fourteenth amendment was on <u>May 16, 1991</u>; the fifteen amendment was on <u>June 12, 1992</u>; the sixteenth amendment was on <u>June 8, 1994</u>; the seventeenth amendment was on <u>May 12, 1995</u>; the eighteenth amendment was on <u>May, 1996 7</u>; the nineteen amendment was on <u>May 7, 1996</u>; the twentieth amendment was on <u>May 23, 1997</u>; the twenty-first amendment was on <u>May 26, 1998</u>; the twenty-second amendment was on <u>June, 1999 8</u>; the twenty-third amendment was on <u>May 30, 2000</u>; the twenty-fourth amendment was on <u>May 22, 2001</u>; the twenty-fifth amendment was on <u>May 30, 2002</u>; the twenty-sixth amendment was on <u>May 30, 2003</u>; the twenty-seventh amendment was on <u>May 25, 2004</u>; the twenty-eighth	

Amended Articles	Original Articles	The amended reasons
was made on <u>June 10, 2008</u>; the thirty-first amendment was made on <u>June 14, 2010</u>; the thirty-second amendment was made on <u>June 9, 2011</u>; the thirty-third amendment was made on <u>June 5, 2012</u>, thirty-fourth amendment was made on <u>June 23, 2015</u>; the thirty-fifth amendment was made on <u>June 14, 2016</u>; the thirty-sixth was made on <u>June 8, 2018</u>; the thirty-seventh amendment was made on <u>June 14, 2019</u>; the thirty-eighth amendment was made on <u>June 10, 2020</u>, <u>and thirty-ninth amendment was made on May 26, 2022.</u>	amendment was on <u>May 31, 2005</u>; the twenty-ninth amendment was on <u>June 15, 2007</u>; the thirtieth amendment was on <u>June 10, 2008</u>; the thirty-first amendment was on <u>June 14, 2010</u>; the thirty-second amendment was on <u>June 9, 2011</u>; the thirty-third amendment was on <u>June 5, 2012</u>; the thirty-fourth amendment was on <u>June 23, 2015</u>; the thirty-fifth amendment was on <u>June 14, 2016</u>; the thirty-sixth amendment was on <u>June 8, 2018</u>; the thirty-seventh amendment was on <u>June 14, 2019</u>; the thirty-eighth amendment was on <u>June 10, 2020.</u>	

UPC Technology Corporation

Comparison Table of Amendment of Procedures for Acquisition or Disposal of Assets of the Company

Amended Articles	Original Articles	The amended reasons
Article 4 (Independence of Professional) Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: I to III (Omitted) When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall <u>comply with the self-discipline rules of trade associations they are affiliated with</u> and the following matters: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When <u>handling</u> a case, they shall appropriately plan and execute adequate working procedures to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected,	Article 4 (Independence of Professional) Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: I to III (Omitted) When issuing an appraisal report or opinion, the personnel referred to in the preceding Paragraph shall comply with the following: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.	In accordance with Letter, Jin-Guan-Zheng-Fa-Zi No. 1110380465, by Financial Supervisory Commission dated on January 28, 2022.

Amended Articles	Original Articles	The amended reasons
and conclusion shall be fully and accurately specified in the case working papers. III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion. They have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that have complied with applicable laws and regulations.	III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion. They have evaluated and found that the information used is reasonable <u>and accurate,</u> and that they have complied with applicable laws and regulations.	
Article 5 (The acquisition and disposition process of securities) I to III (Omitted) IV. Obtain Professional Opinion. If the transaction amount of acquisition or disposal of marketable securities is more than 20% of the Company's paid-in capital or more than NT\$300 million, the Company should contact the CPA to express an opinion on the reasonableness of the transaction price before the date of actual occurrence.	Article 5 (The acquisition and disposition process of securities) I to III (Omitted) IV. Obtain Professional Opinion. Where the Company acquires or disposes of securities and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction	In accordance with Letter, Jin-Guan-Zheng-Fa-Zi No. 1110380465, by Financial Supervisory Commission dated on January 28, 2022.

Amended Articles	Original Articles	The amended reasons
However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.	price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
Article 6 (The acquisition and disposal procedure of real property, equipment or rights of use assets) I to III (Omitted) IV. The appraisal report of real estate, equipment or rights of use assets In the event of the Company's acquisition or disposal of real property, equipment and/or right of use where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic governments, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right of use for business use, the Company shall, prior to the date of occurrence, obtain an appraisal report from a professional appraiser and shall comply with the following regulations: (I) and (II) (Omitted) (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are	Article 6 (The acquisition and disposal procedure of real property, equipment or rights of use assets) I to III (Omitted) IV. The appraisal report of real estate, equipment or rights of use assets In the event of the Company's acquisition or disposal of real property, equipment and/or right of use where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic governments, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right of use for business use, the Company shall, prior to the date of occurrence, obtain an appraisal report from a professional appraiser and shall comply with the following regulations: (I) and (II) (Omitted) (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are	In accordance with Letter, Jin-Guan-Zheng-Fa-Zi No. 1110380465, by Financial Supervisory Commission dated on January 28, 2022.

Amended Articles	Original Articles	The amended reasons
higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price. 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. (IV) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser. However, if the report still applies to the same current value announced by the government and is no more than six months old, an opinion can be accepted from the original appraiser instead.	or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. (IV) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser. However, if the report still applies to the same current value announced by the government and is no more than six months old, an opinion can be accepted from the original appraiser instead.	

Amended Articles	Original Articles	The amended reasons
V. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year. 4. Items duly obtained appraisal report from professional appraisers or opinions from accountants need not be counted toward the transaction amount.	V. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year. 4. Items duly obtained appraisal report from professional appraisers or opinions from accountants need not be counted toward the transaction amount.	
Article 8 (The acquisition and disposal procedure of intangible assets or rights of use, membership card, and other important assets. I to III (Omitted) IV. Obtain Professional Opinion. Where the Company acquires or disposes of intangible assets or right-of-use assets or membership card and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the	Article 8 (The acquisition and disposal procedure of intangible assets or rights of use, membership card, and other important assets. I to III (Omitted) IV. Obtain Professional Opinion. Where the Company acquires or disposes of intangible assets or right-of-use assets or membership card and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction	In accordance with Letter, Jin-Guan-Zheng-Fa-Zi No. 1110380465, by Financial Supervisory Commission dated on January 28, 2022.

Amended Articles	Original Articles	The amended reasons
reasonableness of the transaction price. V. The amount of transactions above shall be calculated as follows: (I) The amount of any individual transaction. (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) Items duly obtain opinion form accountant s need not be counted toward the transaction amount.	price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> V. The amount of transactions above shall be calculated as follows: (I) The amount of any individual transaction. (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) Items duly obtain opinion form accountant s need not be counted toward the transaction amount.	
Article 9 (Procedure of related party transaction) I. (Omitted) II. In the event that the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party or engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party. The transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or	Article 9 (Procedure of related party transaction) I. (Omitted) II. In the event that the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party or engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party. The transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or	In accordance with Letter, Jin-Guan-Zheng-Fa-Zi No. 1110380465, by Financial Supervisory Commission dated on January 28, 2022.

Amended Articles	Original Articles	The amended reasons
repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until submitting the following information to the audit committee and obtain <u>approval</u> from half of the members in the audit committee, and forward the proposal to the board for approval. (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (II) The reason for choosing the related party as transaction counterparty. (III) In the event that the Company acquires real property or right-of-use assets thereof from a related party, information regarding the evaluation of the reasonableness of the anticipated terms of the transaction in accordance with Subparagraph (I) to (IV), Paragraph III herein. (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction,	repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until submitting the following information to the audit committee and obtain approval from half of the members in the audit committee, and forward the proposal to the board for approval. (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (II) The reason for choosing the related party as transaction counterparty. (III) In the event that the Company acquires real property or right-of-use assets thereof from a related party, information regarding the evaluation of the reasonableness of the anticipated terms of the transaction in accordance with Subparagraph (I) to (IV), Paragraph III herein. (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction,	

Amended Articles	Original Articles	The amended reasons
and reasonableness of the funds utilization. (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article. (VII) Restrictive covenants and other important stipulations associated with the transaction. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, the Company's board of directors delegate the board chairman to decide such matters when the transaction is within NTD\$ 500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting: (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (II) Acquisition or disposal of real property right-of-use assets held for business use. <u>If the Company or any of its non-domestic public subsidiaries has any transactions specified in the 2nd subparagraph and the amount is more than 10% of the Company's total assets, the Company shall submit the relevant information of such transactions to the shareholder</u>	and reasonableness of the funds utilization. (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article. (VII) Restrictive covenants and other important stipulations associated with the transaction. <u>The transaction amount in the preceding Paragraph shall mean the transaction amount of the year preceding the Date of Occurrence of this transaction, which shall be calculated according to Article 13, Paragraph 2 herein. According to this Guideline, items that have been approved by the Audit Committee and Board of Directors shall not be counted in when calculating the transaction amount.</u> With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, the Company's board of directors delegate the board chairman to decide such matters when the transaction is within NTD\$ 500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting: (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (II) Acquisition or disposal of real property right-of-use assets held for business use.	

Amended Articles	Original Articles	The amended reasons
<u>meeting for approval before signing the transaction contracts and making payments. However, exceptions can be made if the transactions are between the Company and its subsidiaries or between the subsidiaries.</u> <u>The transaction amount in the preceding Paragraph shall mean the transaction amount of the year preceding the Date of Occurrence of this transaction, which shall be calculated according to Article 13, Paragraph 2 herein. According to this Procedure, items that have been approved by the Audit Committee and Board of Directors shall not be counted in when calculating the transaction amount.</u> III. (Omitted)	III. (Omitted)	
Article 13 (Mandatory report time limit and content) I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event. The Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company. They shall be retained for five years except	Article 13 (Mandatory report time limit and content) I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event. The Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company. They shall be retained for five years except	In accordance with Letter, Jin-Guan-Zheng-Fa-Zi No. 1110380465, by Financial Supervisory Commission dated on January 28, 2022.

Amended Articles	Original Articles	The amended reasons
where another act provides otherwise. (I) to (V) (Omitted) (VI) Where an asset transaction other than any of those referred to in the preceding five Subparagraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; Provided, this shall not apply to the following circumstances: 1. Trading domestic government bonds <u>or foreign government bonds with a credit rating no lower than Taiwan's sovereign credit rating.</u> 2. Trading of bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (VII) (Omitted) II and III (Omitted)	where another act provides otherwise. (I) to (V) (Omitted) (VI) Where an asset transaction other than any of those referred to in the preceding five Sub-paragraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances: 1. Trading of domestic government bonds. 2. Trading of bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (VII) (Omitted) II and III (Omitted)	
Article 19 (Date of <u>amendment</u>) The handling procedures were <u>established on May 30, 2003.</u> 2nd amendment was made on <u>June 15, 2007</u>, 3rd amendment was made on <u>June 5, 2012</u>, 4th amendment was made on <u>June 23, 2014</u>, 5th amendment was made on <u>June 23, 2015</u>, 6th amendment was made on <u>June 13, 2017</u>, 7th amendment was made on <u>June 14, 2019</u>, <u>8th amendment was made on May 26, 2022.</u>	Article 19 (Date of <u>amendment</u>) The handling procedures were established on <u>May 30, 2003</u>. 2nd amendment was made on <u>June 15, 2007</u>, 3rd amendment was made on <u>June 5, 2012</u>, 4th amendment was made on <u>June 23, 2014</u>, 5th amendment was made on <u>June 23, 2015</u>, 6th amendment was made on <u>June 13, 2017</u>, 7th amendment was made on <u>June 14, 2019</u>.	Add article amendment times and dates.

Appendix 1

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 a special 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 a special 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.

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 Article 185, Paragraph 1 of the 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 must be notified in advance with a summary explained as part of the meeting agenda. They cannot be raised in the form of an extraordinary 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% 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. Shareholders may submit proposals that 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.

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 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.

Article 9

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

The chair is to call the meeting to order at the designated meeting time, and at the same time, announce the number of non-voting rights and the number of shares present and other relevant information. 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% 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)

Shareholder meetings that involve the election of directors shall proceed according to the Company's election policy. Results of the elections, including the list of elected directors and the final tally, must be announced on-site, as well as 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 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.

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. The eighth amendment was on July 21, 2021.

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 Manufacturing.
3. C801100 Synthetic Resin & Plastic Manufacturing.
4. C801990 Other Chemical Material Manufacturing.
5. C802120 Industrial Catalyst Manufacturing.
6. C802990 Other Chemical Products Manufacturing.
7. F401010 International Trade.
8. Z99999 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 40% 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 purchased back by the Company could be assigned or transferred to the employees who meet certain conditions and are employees of the Company's 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 the 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 the 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 accordance 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 statement.**
- 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% as a legal reserve. The Company may then appropriate a certain amount as a 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 distributed in the form of new shares, it shall be submitted to the shareholders' meeting for approval. If such surplus earning is distributed in the form of cash, in accordance with Paragraph 5 of Article 240 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.

 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: In accordance with Article 241 of the Company Act, it is authorized to the Company's board of directors that 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, to resolve to distribute all or part of legal reserve and capital reserved to shareholders in the form of cash and report of such distribution to the shareholders' meeting.

Chapter 7 Miscellaneous

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 April 25, 1976; the first amendment was on December 29, 1976, the second amendment was on June 29, 1979; the third amendment was on May 5, 1981; the fourth amendment was on October 30, 1981; the fifth amendment was on January 11, 1982; the sixth amendment was on June 5, 1984; the seventh amendment was on May 28, 1985; the eighth amendment was on April 8, 1986; the ninth amendment was on May 28, 1987; the tenth amendment was on 6 May, 1988; the eleventh amendment was on September 20, 1988; the twelfth amendment was on

June 16, 1989; the thirteenth amendment was on May 11, 1990; the fourteenth amendment was on May 16, 1991; the fifteen amendment was on June 12, 1992; the sixteenth amendment was on June 8, 1994; the seventeenth amendment was on May 12, 1995; the eighteenth amendment was on May 7, 1996; the nineteen amendment was on May 7, 1996; the twentieth amendment was on May 23, 1997; the twenty-first amendment was on May 26, 1998; the twenty-second amendment was on June 8, 1999; the twenty-third amendment was on May 30, 2000; the twenty-fourth amendment was on May 22, 2001; the twenty-fifth amendment was on May 30, 2002; the twenty-sixth amendment was on May 30, 2003; the twenty-seventh amendment was on May 25, 2004; the twenty-eighth amendment was on May 31, 2005; the twenty-ninth amendment was on June 15, 2007; the thirtieth amendment was on June 10, 2008; the thirty-first amendment was on June 14, 2010; the thirty-second amendment was on June 9, 2011; the thirty-third amendment was on June 5, 2012; the thirty-fourth amendment was on June 23, 2015; the thirty-fifth amendment was on June 14, 2016; the thirty-sixth amendment was on June 8, 2018; the thirty-seventh amendment was on June 14, 2019; the thirty-eighth amendment was on June 10, 2020.

UPC Technology Corporation

Procedures for Handling Acquisition and Disposal of Assets by the Company

Article 1 (Legal Basis)

This Guideline is prescribed in according to Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies that is prescribed by the competent authority.

Article 2 (Scope of Application)

The term "assets" as used in these Guideline includes the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment of real property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Derivatives
- VII. Assets acquired or disposed of in connection with mergers, de-mergers, acquisitions, or transfer of shares in accordance with the law.
- VIII. Other major assets

The acquisition and disposal of aforesaid assets should be in accordance with this Guideline.

Article 3 (Definitions)

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

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

- III. **Related party or subsidiary:** As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. **Professional appraiser:** Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. **Date of occurrence:** Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. **Mainland China area investment:** Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. **"Within the preceding year"** as used in these Guidelines refers to the year preceding the date of occurrence of the current transaction. Items duly announced need not be counted toward the transaction amount.
- VIII. **"The latest financial statements"** as used in these Guidelines refer to financial statements of the Company for the most recent period, certified or reviewed by a certified public accountant.
- IX. **For the calculation of 10% of total assets under these Guidelines,** the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by the Securities Issuers shall be used.
- X. **"Net worth"** in these Guidelines means the equity attributable to owners of the parent on the latest balance sheet reviewed or audited by the attesting CPA.
- XI. **Over-the-counter venue** (hereinafter referred to as "OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4 (Independence of Professional)

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

- I. May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or *de facto* related party of any party to the transaction.
- III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or *de facto* related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding Paragraph shall comply with the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. They shall issue a statement attesting to the professional competence and
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the

information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 5 (The acquisition and disposition process of securities)

I. The assessment and operating process

The Company executes the acquisition and disposal of the security in according to relevant operation regulation. The financial department will prepare assessment report. In assessment, the latest financial statements and other relevant information should be obtained as the assessment basis.

II. Procedure for determination of transaction terms and investment limit.

Every transaction should be approved by the general manager and chairman. Each transaction amount that exceeds NT\$ 300 million should submit to board of directors for approval. However, it is authorized to the chief of the financial department to approve the acquisition and disposal of short-term securities, such as certificate deposit, acceptance bill, commercial promissory note, transferable certificate deposit and bond fund, etc.

III. Implementation Department

The acquisition or disposal of securities should be submitted for approval according to the preceding provisions and executed by the financial department.

IV. Obtain Professional Opinion.

Where the Company acquires or disposes of securities and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

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

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year.
4. Items duly obtain appraisal report from opinion form accountant s need not be counted toward the transaction amount.

Article 6 (The acquisition and disposal procedure of real property, equipment or rights of use assets)

I. Evaluation and operation procedure:

The acquisition and disposal procedure of real property, equipment or right-of-use assets shall be handled by the usage department and relevant competent departments in accordance with relevant operation regulation.

II. Procedure for determination of transaction terms and investment limit.

- (I) Acquisition or disposal real estate or right-of-use assets thereof should refer to published value, appraised value or the real transaction price of surrounding real estate or right-of-use assets thereof, etc. to determine the transactions terms and condition and price.**
- (II) Acquisition or disposal equipment or right-of-use assets thereof shall be done by either inquiring price, comparing price, negotiating price or bidding.**
- (III) The authorized investment amount shall be in accordance with the Company's approval process and the real estate transaction shall be submitted to the board of directors for approval.**

III. Implementation Department

The acquisition or disposal of real estate, equipment, or right-of-use assets should be submitted for approval according to the provisions in the previous Paragraph and executed by the usage department and management department.

IV. The appraisal report of real estate, equipment or rights of use assets

In the event of the Company's acquisition or disposal of real property, equipment and/or right of use where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, except for the transactions with domestic governments, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right of use for business use, the Company shall, prior to the date of occurrence, obtain an appraisal report from a professional appraiser and shall comply with the following regulations:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.**
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.**
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public**

accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (IV) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser. However, if the report still applies to the same current value announced by the government and is no more than six months old, an opinion can be accepted from the original appraiser instead.

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

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year.
4. Items duly obtained appraisal report from professional appraiser or opinion from accountants need not be counted toward the transaction amount.

Article 7 (Investment quota)

- I. The total securities investment amount of the Company and its subsidiary shall not exceed 150% of the net worth of the Company's latest financial statements. Each security investment amount shall not exceed 90% of such net worth.
- II. Total amounts of real property and right-of-use assets thereof acquired by the Company and its subsidiary for no business use should not exceed 50% of the net worth in the financial statements of the latest fiscal year.

Article 8 (The acquisition and disposal procedure of intangible assets or rights of use, membership card, and other important assets.

- I. Evaluation and operation procedure:

In the event of the Company's acquisition or disposal of intangible assets or rights of use, membership card, and other important assets, it should be submitted for approval according to the provisions in the previous Paragraph and executed by the usage department and management department.

II. Procedure for determination of transaction terms and investment limit.

- (I) Acquisition or disposal intangible assets or rights of use, membership card, and other important assets shall be done by either inquiring price, comparing price, negotiating price, or bidding.
- (II) The authorized investment amount shall be in accordance with the Company's approval process and the transaction amount exceeding NT\$300 million shall be submitted to board of directors for approval.

III. Implementation Department

In the event of the Company's acquisition or disposal of intangible assets or rights of use, membership card, and other important assets, it should be submitted for approval according to the provisions in the previous Paragraph and executed by the usage department and management department.

IV. Obtain Professional Opinion.

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

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

- (I) The amount of any individual transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (III) Items duly obtain opinion form accountant s need not be counted toward the transaction amount.

Article 9 (Procedure of related party transaction)

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the compliance with Article 5, 6 and 8 of this Guideline but also that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance

with the provisions of the preceding Section. When judging whether or not transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

- II. In the event that the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party or engages in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party. The transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NTD 300 million or more, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction agreement or make a payment until submitting the following information to the audit committee and obtain approval from half of the members in the audit committee, and forward the proposal to the board for approval.
- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (II) The reason for choosing the related party as transaction counterparty.
 - (III) In the event that the Company acquires real property or right-of-use assets thereof from a related party, information regarding the evaluation of the reasonableness of the anticipated terms of the transaction in accordance with Subparagraph (I) to (IV), Paragraph III herein. .
 - (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.
 - (VII) Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount in the preceding Paragraph shall mean the transaction amount of the year preceding the Date of Occurrence of this transaction, which shall be calculated according to Article 13, Paragraph 2 herein. According to this Guideline, items that have been approved by the Audit Committee and Board of Directors shall not be counted in when calculating the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, the Company's board of directors delegate the board chairman to decide such matters when the transaction is within NTD\$ 500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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

III. Evaluation the reasonableness of the transaction costs

- (I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding Paragraph.
- (III) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Subparagraph (I) and (II), Paragraph III herein shall also engage a CPA to check the appraisal and render a specific opinion.
- (IV) When the results of the Company's appraisal conducted or right-of-use assets thereof in accordance with Subparagraph (I) and

(II), Paragraph III of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Sub-paragraph (V), Paragraph III of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

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

(1) Where undeveloped land is appraised in accordance with the means in Sub-paragraph 1 and 2, Paragraph 3 of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) Units on other floors of the same project or other non-related party transactions taking place in the nearby area in the past year, which were similar in size and the transaction terms were considered to conform with common real estate trading or leasing practices. They were on equivalent terms after adjusting for floor or location differences.

2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year. Transactions involving neighboring or closely valued parcels of land in the preceding Paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

(V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals

conducted in accordance with the Subparagraph (I) to (IV), Paragraph III of this Article are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property or other right-of-use assets transaction price and the appraised cost. It may not be distributed or used for capital increase or issuance of bonus shares.
2. Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two Subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

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

(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs I and II of this Article. Subparagraphs (I), (II) and (III), Paragraph III of this Article do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than five years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries.

Article 10(Guidelines on Derivatives Transactions)

The Company handles the derivatives transaction in according with “Guidelines for Derivatives Transaction by the Company.”

Article 11(Guideline of merger, de-merger, acquisition, or transfer of shares)

I. The assessment and operating process

- (I) The Company that conducts a merger, de-merger, acquisition or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100% of the respective subsidiaries’ issued shares or authorized capital.**
- (II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Paragraph 1, Subparagraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether or not to approve the merger, de-merger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.**

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

II. Other guidelines

- (I) The date of meeting of the board of directors and the shareholders’ meeting: A company participating in a merger, de-merger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, de-merger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary**

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

(II) Written record: The Company shall prepare a full written record of the following information and retain it for five years for reference

- 1. Basic identification data for personnel:** Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- 2. Dates of material events:** Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- 3. Important documents and minutes:** Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

The Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in item 1 and 2 to the competent authority for recordation

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

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

(IV) The stipulation of share exchange ratio or acquisition price and alternation policy: The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the

below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 2. An action, such as a disposal of major assets, that affects the company's financial operations.
 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (V) The required content of the contract: The Company shall record the rights and obligations of the companies participating in the merger, de-merger, acquisition, or transfer of shares, and shall also record the following:
1. Handling of breach of contract.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is de-merged.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. Preliminary progress schedule for plan execution, and anticipated completion date.
- (VI) The alternation operations of companies participating in the merger, demerger, acquisition or share transfer: After public disclosure of the information, if any company participating in the merger, de-merger, acquisition or share transfer intends further to carry out a merger, de-merger, acquisition, or share transfer with another company, all of the participating

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

- (VII) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the Company is required to abide by the provisions of Sub-paragraph (I), (II), (III) and (VI), Paragraph II of this Article.

Article 12(Foreclosure procedures)

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

Article 13(Mandatory report time limit and content)

- I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event. The Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.
 - (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; Provided, this shall not apply to trading domestic government bonds or bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (II) Merger, demerger, acquisition, or transfer of shares.
 - (III) Losses from derivatives transaction reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

- (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of and furthermore, the transaction counterparty is not a related party and the transaction amount meets any of the following criteria:
1. The Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. The Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- (VI) Where an asset transaction other than any of those referred to in the preceding five Subparagraphs, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; Provided, this shall not apply to the following circumstances:
1. Trading of domestic government bonds.
 2. Trading of bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (VII) The amount of transactions above shall be calculated as follows:
1. The amount of any individual transaction.
 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same securities thereof within the same development project within the preceding year.

- II. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- III. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding Paragraph, a public report of relevant information shall be made in the prescribed content and format on the information reporting website designated by the competent authority within 2 days counting inclusively from the date of occurrence of the event
 1. Change, termination or rescission of a contract signed in regard to the original transaction
 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 3. Change to the originally publicly announced and reported information.

Article 14(The supervisory process of acquisition and disposal of assets of the subsidiary)

- I. The Company should urge its subsidiary to prescribe the guideline of acquisition and disposal of the assets in according to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and follow the guideline to handle relevant matters.
- II. Where a subsidiary is not a domestic public company, if the subsidiary acquiring or disposing of assets reaches the standard of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies required to place a public announcement, the Company shall place a public announcement.
- III. In the public announcement requirement of the subsidiary, the “amount reaches 20% of paid-in capital or 10% of total assets” is calculated based on the paid-in capital or total assets of the Company.

Article 15 (The handling of dissenting opinions of audit committee and directors)

With respect to the Company's acquisition or disposal of assets that are subject to the approval of the board of directors under the company's procedures or other laws or regulations, it should be approved by half of the members of audit committees and submit board of directors for resolution. if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee.

If the preceding Paragraph has not passed by half of the members in audit committee, two thirds of the directors could pass the resolution and it shall be recorded in the minutes of the audit committee.

When the Company submits the acquisition or disposal of assets to the board of directors for discussion in according to the first Paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing dissent or qualified shall be included in the minutes of the board of directors' meeting.

Article 16(Penalty rules)

If the managerial officer or the responsible personnel violates this guideline, the Company should in according to the award and punishment regulation in the Company's work rules and punished in according with the circumstances.

Article 17(Relevant supplementary regulations)

The relevant regulations should be applied if there is any incomplete matter in this Guideline.

Article 18(Implementation and revision)

The Guidelines shall be approved by half of the members in the audit committee and resolved by the board of directors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee.

If the preceding Paragraph has not passed by half of the members in audit committee, two thirds of the directors could pass the resolution and it shall be recorded in the minutes of the audit committee.

When the Company submits this Guideline to the board of directors for discussion in according to the first Paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing dissent or qualification shall be included in the minutes of the board of directors' meeting.

Article 19(Date of amendment)

The handling procedures were established on May 30, 2003, 2nd amendment was made on June 15, 2007, 3rd amendment was made on June 5, 2012, 4th amendment was made on June 23, 2014, 5th amendment was made on June 23, 2015, 6th amendment was made on June 13, 2017, 7th amendment was made on June 14, 2019.

Appendix 4

Directors' Shareholding Position

Record date: March 28, 2022

Position	Name	Shares Currently Owned			Others
		Type	Number of Shares	Outstanding % then accounted for	
Chairman of Board of Directors	Lien Hwa Industrial Holdings Corporation representative: Miao, Matthew Feng Chiang	Common Stock	424,880,973	31.46%	
Directors	Lien Hwa Industrial Holdings Corporation representative: Chen, Chun				
Directors	Lien Hwa Industrial Holdings Corporation representative: Jiang, Hui Jong				
Directors	Lien Hwa Industrial Holdings Corporation representative: Lin, Hsin Hung				
Directors	Ko, Yi-Shaw		2,708,728	0.20%	
Directors	Hsueh, Chang-Wei		4,853,520	0.36%	
Directors	Miao, Feng-Sheng		991,241	0.07%	
Independent Director	Pan, Wenent P.		0	0%	
Independent Director	Wang, Paul P.		0	0%	
Independent Director	Hwang, Jung-Chiou		0	0%	
Total		Common Stock	433,434,462		

The total issued shares on March 28, 2022: 1,350,495,607 shares

Note: The legal requirement of shares to be owned by the directors of the Company: 32,411,894 shares, as of March 28 2022, held: 433,434,462 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.