聚陽實業股份有限公司
MAKALOT INDUSTRIAL CO., LTD.

Stock Code：1477

Makalot Industrial Co., Ltd.

2022 Annual Shareholders' Meeting Handbook

(Translation)

Time: 9:00 am, Wednesday, June 15, 2022

Venue: 4F., No. 550, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei
Makalot Industrial Co., Ltd.

Method of Meeting: Physical and assist with video

Table of Contents

Makalot Industrial Co., Ltd.

2022 Annual Shareholders’ Meeting Procedure

1. Call Meeting to Order
2. Chairman’ Address
3. Report Items
4. Proposed Resolution
5. Discussion Items
6. Extempore Motions
7. Adjournment

Makalot Industrial Co., Ltd.

2022 Annual Shareholders' Meeting Agenda

1. Time: 9:00 am, Tuesday, June 15 (Wednesday), 2022
2. Venue: Makalot Industrial Co., Ltd.
   4F., No. 550, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei
3. Visual Meeting Platform: Taiwan Depository & Clearing Corporation "E-voting for shareholders' meeting – Shareholders' visual meeting platform" (Website: https://www.stockvote.com.tw
4. Report the shares of attendance and the opening of the meeting
5. Chairman's Address
6. Report Items
   (1) To report the business of 2021
   (2) The Audit Committee's review report on 2021 financial statements
   (3) To report the 2021 directors' and employees' compensations
   (4) To report the 2021 earning distribution of cash dividends
   (5) To report the Concrete Promotion Plan of Sustainable Development
   (6) Other report matters
7. Proposed Resolutions
   (1) To accept the 2021 Business Report and Financial Statements
   (2) To accept the earning distribution of 2021
8. Discussion Items
   (1) To revise the "Article of Incorporation"
   (2) To revise the "Rules of Procedure for Shareholders Meetings"
   (3) To revise the "Procedures for Acquiring or Disposing of Assets"
9. Extempore Motions
10. Adjournment

Report Items

1. The business report of 2021

   Explanatory Note

   Please refer to *Attachment I* of the business report.

2. The Audit Committee’s review report on 2021 financial statements

   Explanatory Note

   Please refer to *Attachment II* of the Audit Committee’s Review report.

3. The distribution of the 2021 directors’ and employees’ compensations

   Explanatory Note

   (1) The Board of Directors approved the distribution of the employee’s compensation in the amount of NT$193,444,869 in cash.

   (2) The Board of Directors approved the distribution of the directors’ compensation in the amount of NT$63,950,000 in cash. The difference between the distribution amount and book amount is NT$19,057,629 which shall be regarded as the accounting estimates change and the difference was handled based on the resolution of BOD.

4. Report on 2021 earning distribution of cash dividends

   Explanatory Note

   In accordance with the "Articles of Incorporation" of the Company, the Board of Directors is authorized to resolve the distribution of earnings in cash after the year-end. The resolution of the Company’s BOD on 2021 on earning distribution of cash dividend is NT$2,297,637,520 (NT$9.50/per share) with the distribution date of May 12, 2022.

5. Report on the Concrete Promotion Plan of Sustainable Development

   Explanatory Note

   This plan was executed based on the “Corporate Sustainability Development Principle and Guideline” article 4. Please refer to the Attachment III of “Report on the Concrete Promotion Plan of Sustainable Development”.

6. Others reporting matters

   Explanatory Note

   The Company didn’t receive any shareholders’ proposals during the period for shareholders’ right to issue proposals.

Proposed Resolution

1. To accept the 2021 Business Report and Financial Statements[1]
   (Proposed by the Board of Directors)

   Explanatory Note

   (1) The Company's business report and financial report for 2021 were approved by the Board of Directors on Mar. 22, 2022, and had submitted to the Audit Committee and reviewed; and the Audit Committee Review Report was duly issued accordingly.

   (2) Please refer to Attachments *I & IV* of "Business Report" and "Financial Statement".

   (3) Submitted for recognition

   Resolution

2. To approve the earning distribution of 2021
   (Proposed by the Board of Directors)

   Explanatory Note

   (1) The earnings available for distribution are NT$2,959,790,564which is calculated with the 2021 net profit after tax of NT$2,655,009,386, the accumulated distributed earnings of NT$22,342,664, excluding from the net income after tax, and the unappropriated retained earnings of NT$282,438,515 of previous years. After the Company set asid the legal reserve of NT$267,735,205, the special reserve of NT$101,888,024, and the deduction of shareholders' cash dividends distribution amounted to NT$2,297,637,520, the unappropriated retained profit earning is NT$292,529,815.

   (2) Submitted for recognition

Makalot Industrial Co., Ltd

The Earning Distribution Table of 2021

Item	Total
Unappropriated retained earnings of previous years	282,438,515
Plus (Less)：	
Remeasurements of defined benefit Obligaiton of 2021	22,342,663
Net Profit after tax of this year	2,655,009,386
Earnings available for distribution	2,959,790,564
Less：	
Legal reserve	267,735,205
Special reserve—Deduct of total equity	101,888,024
Distribution：	
Cash dividends (NT$9.5 per share)	2,297,637,520
Unappropriated Retained Earnings	292,529,815

Chairman:	Manager:	Accounting Supervisor:
Chou Li-Ping	Chou Li-Ping	Lin Yu-Hsin

Resolution:

Discussion Items

1. To revise the partial terms of “Article of Incorporation”
   (Proposed by the Board of Directors)

   Explanatory Note

   In response to the Presidential order, No. 11000115851, dated Dec. 29, 2021, to amend the partial terms of the “Article of Incorporation”, the Company will revise the partial terms of “Article of Incorporation”. Please refer to Attachment V of “Comparison Table for the Article of Incorporation”.

   Resolution

2. To revise the partial terms of “Rules of Procedure for Shareholders Meetings”
   (Proposed by the Board of Directors)

   Explanatory Note

   In response to the amendment of the “Company Act” and “Regulations Governing Content and compliance Requirements for Shareholders’ Meeting Agenda Handbooks of Public Companies”, the Company intends to revise partial provisions of the "Rules of Procedures of Shareholders' Meetings" Please refer to Attachment VI of the “Comparison Table for the Rules of Procedure for Shareholders Meetings”.

   Resolution

3. To Revise the partial terms of “Process of the Acquisition and Disposal of Assets”

(Proposed by the Board of Directors)

Explanatory Note

In accordance with the Financial Supervisory Commission’s order, No. 1110380465, in amending the partial provisions of “Regulations Governing the Acquisition and Disposal of Assets”, in order to strengthen the management of transactions among the statehood interested persons, enhance the quality of opinions issued by external experts, and relax the disclosure of information on certain transactions, the Company intends to revise some provisions of the "Procedures for the Acquisition or Disposal of Assets", please refer to Attachment VII of the “Comparison Table for the Procedures for Acquiring or Disposing of Assets”.

Resolution

Extempore M**otions**

Attachment I Business Report

Makalot Industrial Co., Ltd
Business Report

I. Preface

The year 2021 was filled with turbulence and challenges due to the sequential impact of Covid-19, while uncertainty caused by the global epidemic results in the disruption of the supply chain. To make things worse, global logistics were impacted by port congestion while the lack of shipping containers also adds to the shortage of goods in the end market. During the outbreak of the epidemic in Southeast Asia this year, some of the production areas of Makalot were also forced to shut-down. Thanks to the quick response of all the team members to offer alternative production solution and their variable efforts to communicate with customers, Makalot has successfully fulfilled the customer's order expectations and won high recognition from customers. Continuing the business opportunities that have stabilized post epidemic through the strategy of growing together with customers, Makalot has delivered excellent results in terms of outstanding performance in quality & volume and double-digit profit growth this year.

In the post-epidemic era, even though there are uncertainties, there are also infinite possibilities. In terms of strategy, Makalot has been working hard on functional and fashion products, strengthening the diversified and flexible layout, and stepping up the digital transformation in operation to climb the highest level of operational efficiency. We believe in a positive attitude and united operation for success. Even when the market is booming, we must be vigilant in peacetime and be prudent and pragmatic when we keep making progress. Only by continuously enhancing the flexibility and resilience of our operations, we will have the strength to face difficulties and grow up along with our customers. Meanwhile, we can always move forward as a sustainable blissful enterprise.

II. Report of 2021 Business Execution

1. Overview of the implementation of the 2021 business plan

(1) Deepen Customer Relationships and Expand the Scope of Cooperation

While major consumer markets, such as the U.S., has gradually loosen the restrictions and the consumption of apparel is on the rise. Thanks to the store up energy during the epidemic outbreak, Makalot has grasped the strong order placement by customers once they stabilized at the first moment, and also enhanced its profitability through the optimization of product structure under full capacity.

On the other hand, in response to the change in consumers' lifestyles, the demand for lounge wear, casual wear, and sports & leisurewear has grown significantly. Makalot's diversified and flexible characteristics and R&D capabilities have driven us to be the top choice for customers. Also, this has led to the introduction and amplification with premium apparel brands. The comprehensiveness and competitiveness of Makalot's supply chain are greatly upgraded by our deepening cooperation with customers and broadening expansion of products.

(2) Continue the Technology R&D and Accelerate the Digital Innovation

In addition to 3D hardware and software applications, product development and trend analysis were shared smoothly through online meetings which enabled customers to experience the details of design and material texture during the epidemic, and they also highly approved and appreciated Makalot's digital marketing skills.

Besides, Makalot has accelerated the digital transformation of its operational processes. In addition to the internal research and development, Makalot also cooperates with external parties, such as Amazon Web Services (AWS), to develop the application of AI in four major domains, including fabric material analysis, forecast management, document certification, and production standardization, to effectively improve operational efficiency.

(3) Achieve Greater Synergies in Production and Start the First Year of Sustainability Era

Being fueled by the epidemic, the international situation has become more volatile in 2021. In addition to the rising geopolitical risks, the ongoing epidemic in Southeast Asia demonstrates the importance of flexible cross-country production scheduling. Makalot has adopted a global production arrangement strategy for long-term, taking into consideration of advantages of each region to optimize order placements, which brings the strategy of decentralization into play timely during the crisis. This is not only the long-term advantage of Makalot's diversified production strategy but also the flexibility that Makalot's team has built up over the years, which allows us to achieve synergy in production management and reduce risks at critical moments.

Besides, Makalot established a sustainability committee in 2021, which not only kicked off the first year of sustainability era but also connected with the global community. Based on international standards and regulations, we set medium- and long-term ESG goals and promotion plans, with the target to strengthen the company's management in environmental sustainability, social participation, and corporate governance.

2. The execution of the Business Plan and Budget of 2021

(1) The Company’s revenue was NT$28,930,505 thousand in 2021, which was a 16% growth in comparison with the 2020 revenue of NT$24,924,170 thousand; the net profit after tax in 2021 was NT$2,678,308 thousand which was a 29% growth in comparison with the 2020 net profit after tax of NT$2,078,913 thousand.

(2) Execution of Budget: Based on the regulation of “Public Issuing Companies’ Public Financial Forecast Information Processing Standards”, there is no need to publicize the budget execution for 2021 since the Company didn’t disclose the financial forecast for 2021.

3.Analyzation of Financial Income & Expense and Profit:

Unit: NT$ thousand

Item		2020	2021
Financial Receipts & Expenditure	Net Revenue	24,924,170	28,930,505
	Gross Profit	5,571,406	6,534,754
	Operating Profit	2,665,758	3,381,120
	Net Profit	2,078,913	2,678,308
Profitability	Return on Assets (%)	12.76%	13.47%
	Return on Equity (%)	21.47%	22.36%
	Operating Profit to paid -in Capital Ratio (%)	121.25%	139.80%
	Pre-tax Profit to Paid-in Capital Ratio (%)	123.57%	140.51%
	Net Profit Ratio (%)	8.34%	9.26%
	Earing Per Share (NT$)	9.35	11.20

III. Business Operation Plan of 2022

1.Business Operation of 2021

(1) Focus on Functional Fashion and Exert the Advantages of Diversified Marketing

- Deepen partnership with customers having high growth potential to expand product lines.
- Focus on high value, high profitability, and high strategic value orders to optimize product structure and adjust the balance of low and high seasons
- Actively develop the international major sports brand clients.

(2) Diversify Production Capacity and Strengthen Vertical Integration

- In response to the anti-fragile trend after the epidemic, under our diversified production bases, Makalot strengthens the scale of supply chain localization, upgrades the benefits of vertical integration, improves efficiency, and speeds up response and flexibility.
- To take Asia as the main production base, we are expanding our production capacity in response to the demand of customer orders and creating long-term relationships with quality OEM partners.
- In order to reinforce our operation and management performance, an efficient intelligent operation mechanism and the system have been established by enhancing the digitalization in the value chain, such as the development and introduction of various automated equipment.

(3) To Advance R&D, To Enrich Technical Capability

- We elevate our up-mid-downstream independent research and development capabilities, and combine our design and material development. Through our internal brand management model, we strengthen our value chain and the whole range of services to offer our customers abundant experience in product development.
- In response to the trend of sustainable environmental protection in the fashion industry, we are working with the upstream partners to actively develop environmentally friendly materials such as degradable, Recycled Poly, BCI Cotton, and vegetable-dyed materials. In order to counter the extreme climate, we are also developing year-round and cross-seasonal styles to expand the market together with our customers.
- Based on the theme of a healthy life, we will continue to promote large-scale government projects. Through the horizontal integration of resources among the government, corporations, and cross-industries, we focus on products such as temperature control, ECG/heartbeat detection, and thermal/cooling intelligent adjustment to create more advanced intelligent products and develop an industrial ecosystem.

(4) To Promote ESG and Link Up with the International Standards

- Complying with international standards, we set up (corporate governance, social participation, and environmental sustainability) goals and press ahead with our implementation.
- Based on five directions of sustainability governance, sustainability supply-chain, sustainable environment, employees' caring, and mutual prosperity with society, we established the task force to execute the various projects, including employee care and co-glory with society, charitable activities co-worked with suppliers, and improving the well-being of employees in the manufacture sites. Meanwhile, in considering of energy saving and land conservation, the energy management mechanism has been set up. Our suppliers are invited to join the energy-saving actions. And, the energy information data capability in the manufacturing sites has been built up. Accordingly, targets are set to promote improvement to meet international standards.

2. R&D Plan in 2022

The global economy gradually stabilizes in the year 2022. In the post-epidemic era, enterprises still need to maintain excellent resilience and sensitivity to market changes to seize the opportunities to plan ahead and maintain a good operation and sustainable growth. The ability to re-engineer and refine creativity and innovation of R&D is the key for which Makalot can have a place in the ever-changing market.

(1) Digitalization、Automation and Security of Data/Information

As the epidemic accelerates the digitalization of the global industries, Makalot continuously introduces new innovations into the Company, including big data, AI applications, etc. These are applied to enhance risk prediction and prevention, and improve service quality and efficiency, etc. On the other hand, Makalot also actively adopts automated equipment to improve production efficiency and increase output value. At the same time, information security is not to be neglected in this digital era. Makalot has activated the ISO27001 certification of international information security to upgrade the information security and defense.

(2) Sustainability

With the growing awareness of global environmental protection, the fashion industry makes various declarations on ecological protection and sets clear short, medium, and long-term goals. To reply to our customer policies, Makalot commits to developing multiple environmental protection and earth-friendly materials. We work together with our customers to achieve environmental protection goals and contribute our efforts to protect the earth.

(3) Development of High-End Product

Our R&D team continuously strives to improve quality and efficiency by introducing innovative manufacturing processes and developing high-end sports/functional apparel.

(4) Cross-industry Collaboration of Smart Apparels

Through the resources integration of cross-industry, we devote ourselves to research on products commercialized in the fields of intelligent fitness and medical care. We also create new operation models and actively build the ecosystem of intelligent apparel.

Chairman:	Manager:	Accounting Supervisor:
Chou Li-Ping	Chou Li-Ping	Lin Yu-Hsin

Attachment II Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the 2021 Business Report, Financial Statements, and the proposal of Earning Distribution. The Financial Statements have been duly audited by the CPAs, Chen Bei-Chi & Lin, Heng-Shen of KPMG Taiwan, and the relative report has been issued accordingly. The Audit Committee reviewed the above-mentioned Business Report, Financial Statements, and the proposal of Earning Distribution with the comment of accuracy and correct. By the regulation of Article, 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee's Review Report was submitted for review.

To

The Shareholders' Meeting of 2022

Sincerely

Makalot Industrial Co., Ltd

Audit Committee

Chairman: Su Yu-Hui

Date: Mar. 22, 2022

Attachment III Report of Concrete Promotion Plan of Sustainable Development

In 2022, the Company shall launch the following promotion plans according to the various tasks.

Item	Promotion Plan Highlights
Sustainable Governance	● Stable profit growth, Safeguard shareholder rights and enhance information transparency and timeliness ● To strengthen the independence of the Board of Directors and engage an external party to evaluate the performance of the Board of Directors in order to further enhance the operation of the Board of Directors ● To identify risks and enhance risk management control & risk mitigation capabilities
Sustainable Supply Chain	● We commit promoting and using sustainable raw materials and developing localization of raw materials. ● Use our own influence to advance the promotion of human rights and environmental sustainability to our suppliers and work together to achieve the United Nations Sustainable Development Goals.
Sustainable Environment	● Enhancement of environmental management system and greenhouse gas emission inventory mechanism and capacity in line with the sustainable development path. ● To plan and promote specific actions to mitigate the risk of climate change. ● Promote environmental conservation and education by extending our internal efforts outward to promote them among our suppliers and the friends and families of our employees, and by fostering environmental awareness among the younger generation.
Employee Caring	● To enhance the well-being of employees and create a happy working atmosphere ● Provide an appropriate environment of growth for employees while promoting the common growth of labor and management.
Social Co-benefit	● Provide corporate resources to help adolescents and young people to build up their future competitiveness . ● To work actively with third parties and the community to improve the development of the nearby community and society.

Attachment IV Financial Statement of 2021

Independent Auditors' Report

To the Board of Directors of Makalot Industrial Co., Ltd.:

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(o) "Revenue" to the consolidated financial statements.

   <u>Description of key audit matter</u>

   The Group is primarily involved in the manufacturing and processing of garments. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that the revenue recognition is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the design and effectiveness of the Group's internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Group's policy; performing trend and comparison analysis on revenue from major clients to assess the significant exceptions; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether sales transactions have been appropriately recognized.

2. Derecognition of financial assets

Please refer to Note 4(g) "Financial assets" and Note 6(c) "Factoring and derecognition of accounts receivable" to the consolidated financial statements.

Description of key audit matter

The Group factored its accounts receivable to certain financial institutions to manage its credit risk on accounts receivable. The judgments on derecognition of financial assets involved particular accounting treatments. Therefore, we determined that the derecognition of financial asset is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the internal controls of the Group applied in factoring its accounts receivable; reviewing the factoring agreements with banks; assessing whether the factoring of accounts receivable was performed in accordance with the Group's policy; assessing whether the disclosure of factoring transactions was appropriate, including performing the confirmation procedure.

3. Inventory valuation

Please refer to Note 4(h) "Inventories", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) "Inventory" of the consolidated financial statements.

Description of key audit matter

The inventories of the Group are measured at the lower of cost and net realizable value. Since the amount of inventories has significant impact on the financial statements of the Group and the environment in the industry changes rapidly, the cost of inventories might have a risk to exceed the net realizable value. Therefore, we determined that the assessment of inventory valuation is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the Group's inventory management policies, such as the policy of management and valuation of inventories; assessing whether the inventory management and valuation were performed in accordance with the Group's policy; performing sampling procedures to understand the net realizable values used by management and prices in a period after the reporting date to ensure the appropriateness of the valuation; sampling and inspecting the accuracy of the inventory aging report; assessing whether the disclosure of provision for inventory valuation and obsolescence was appropriate at the reporting date.

Other Matter

We did not audit the financial statements of certain subsidiaries of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the report of other auditors. The financial statements of the subsidiaries audited by other auditors reflect the total assets constituting 3% and 4% of the consolidated total assets as of December 31, 2021 and 2020, respectively, and the net revenue each constituting 0% of the consolidated total net revenue for the both years ended.

We did not audit the financial statements of certain investments, which represented investments accounted for using equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included below, is based solely on the reports of other auditors. The investments accounted for using equity method audited by other auditors both constituted 1% of the consolidated total assets as of December 31, 2021 and 2020, and the related shares of profit or loss of associates accounted for using equity method both constituted 1% of the profit before income tax for the years then ended, respectively.

Makalot Industrial Co., Ltd. has prepared its parent-company-only financial statements as of and for the years then ended December 31, 2021 and 2020, on which we have expressed an unqualified opinion with other matters paragraph.

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 with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including audit committees) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 auditor’ s 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 the components within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)(v))	$ 2,642,635	12	2,367,059	13
1110	Current financial assets at fair value through profit or loss (notes 6(b)(v))	166,007	1	163,897	1
1170	Accounts receivable, net (notes 6(c)(s)(v))	1,160,282	5	2,473,471	13
1310	Inventories, manufacturing (note 6(d))	5,434,422	25	4,026,065	22
1476	Other financial assets-current (notes 6(c)(v) and 7)	6,480,654	29	3,435,726	18
1479	Other current assets-others (note 6(i))	275,851	1	280,092	2
		16,159,851	73	12,746,310	69
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	239,485	1	203,674	1
1600	Property, plant and equipment (notes 6(f) and 8)	5,022,163	22	5,077,346	27
1755	Right-of-use assets (notes 6(g)(y))	388,113	2	191,898	1
1821	Other intangible assets, net (note 6(h))	33,963	-	35,948	-
1840	Deferred tax assets (note 6(o))	134,210	1	167,176	1
1900	Other non-current assets (notes 6(i)(v) and 8)	245,043	1	213,459	1
		6,062,977	27	5,889,501	31
	Total assets	**$ 22,222,828**	**100**	**18,635,811**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(j)(v) and 8)	$ 1,866,306	8	3,348,835	18
2150	Notes payable (note 6(v))	1	-	1,301	-
2170	Accounts payable (note 6(v))	2,162,914	10	1,839,400	10
2180	Accounts payable to related parties (notes 6(v) and 7)	74,431	-	23,134	-
2200	Other payables (note 6(v))	2,199,108	10	1,808,234	10
2230	Current tax liabilities	706,456	3	599,331	3
2251	Current provisions for employee benefits (note 6(n))	52,807	-	45,002	-
2259	Other short-term provisions (note 6(l))	343,610	2	295,508	2
2280	Current lease liabilities (notes 6(m)(v)(y))	91,210	1	46,539	-
2322	Long-term borrowings, current portion (notes 6(k)(v))	81,685	-	-	-
2399	Other current liabilities-others	128,272	1	19,949	-
		7,706,800	35	8,027,233	43
	Non-Current liabilities:				
2541	Long-term bank loans (notes 6(k)(v))	163,371	1	-	-
2570	Deferred tax liabilities (note 6(o))	19,906	-	17,216	-
2580	Non-current lease liabilities (notes 6(m)(v)(y))	206,628	1	54,188	-
2640	Net defined benefit liability—non-current (note 6(n))	327,603	1	369,932	2
2670	Other non-current liabilities-others	3,078	-	3,078	-
		720,586	3	444,414	2
	Total liabilities	8,427,386	38	8,471,647	45
	Equity (note 6(p)(q))				
3100	Ordinary shares	2,418,566	11	2,198,566	12
3200	Capital surplus	6,214,704	28	3,447,704	19
3300	Retained earnings	5,459,349	25	4,716,849	25
3410	Exchange differences on translation of foreign financial statements	(380,119)	(2)	(278,231)	(1)
	Total equity attributable to owners of parent	13,712,500	62	10,084,888	55
36XX	Non-controlling interests	82,942	-	79,276	-
	Total equity	13,795,442	62	10,164,164	55
	Total liabilities and equity	**$ 22,222,828**	**100**	**18,635,811**	**100**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue, net (notes 6(s))**	$ 28,930,505	100	24,924,170	100
5000	**Operating costs (notes 6(d)(n), 7 and 12)**	22,395,751	77	19,352,764	78
	Gross profit from operations	6,534,754	23	5,571,406	22
	Operating expenses (notes 6(m)(n)(t) and 12):				
6100	Selling expenses	1,667,000	6	1,525,357	6
6200	Administrative expenses	1,509,637	5	1,349,341	5
6450	Impairment loss (reversal of impairment loss) in accordance with IFRS 9	(23,003)	-	30,950	-
	Total operating expenses	3,153,634	11	2,905,648	11
	Net operating income	3,381,120	12	2,665,758	11
	Non-operating income and expenses:				
7100	Interest income (note 6(u))	17,142	-	15,578	-
7010	Other income (note 6(u))	33,751	-	58,358	-
7020	Other gains and losses (notes 6(u)(v))	18,276	-	441	-
7050	Finance costs (notes 6(m)(u))	(90,682)	-	(63,668)	-
7060	Share of profit (loss) of associates accounted for using equity method, net	38,725	-	40,333	-
	Total non-operating income and expenses	17,212	-	51,042	-
7900	**Profit before income tax**	3,398,332	12	2,716,800	11
7950	Less: Income tax expenses (note 6(o))	720,024	3	637,887	3
	Profit	2,678,308	9	2,078,913	8
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit plans	27,243	-	(2,499)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4,900	-	(838)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	22,343	-	(1,661)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(101,961)	-	(161,742)	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	(101,961)	-	(161,742)	-
8300	**Other comprehensive income**	(79,618)	-	(163,403)	-
	Comprehensive income	$ 2,598,690	9	1,915,510	8
	Profit attributable to:				
	Owners of parent	$ 2,655,010	9	2,056,437	8
	Non-controlling interests	23,298	-	22,476	-
	Profit	$ 2,678,308	9	2,078,913	8
	Comprehensive income attributable to:				
8710	Owners of parent	$ 2,575,465	9	1,892,791	8
8720	Non-controlling interests	23,225	-	22,719	-
	Comprehensive income	$ 2,598,690	9	1,915,510	8
	Earnings per share (note 6(r))				
9750	Basic earnings per share (in dollars)	$ 11.20		9.35	
9850	Diluted earnings per share (in dollars)	$ 11.15		9.30	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings				Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 2,198,566	3,251,635	1,825,607	27,898	1,907,851	3,761,356	(116,246)	9,095,311	102,296	9,197,607
Profit	-	-	-	-	2,056,437	2,056,437	-	2,056,437	22,476	2,078,913
Other comprehensive income	-	-	-	-	(1,661)	(1,661)	(161,985)	(163,646)	243	(163,403)
Total comprehensive income	-	-	-	-	2,054,776	2,054,776	(161,985)	1,892,791	22,719	1,915,510
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	190,243	-	(190,243)	-	-	-	-	-
Special reserve	-	-	-	88,347	(88,347)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,099,283)	(1,099,283)	-	(1,099,283)	-	(1,099,283)
Changes in ownership interests in subsidiaries	-	(281)	-	-	-	-	-	(281)	281	-
Share-based payments transactions	-	196,350	-	-	-	-	-	196,350	-	196,350
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(46,020)	(46,020)
Balance at December 31, 2020	2,198,566	3,447,704	2,015,850	116,245	2,584,754	4,716,849	(278,231)	10,084,888	79,276	10,164,164
Profit	-	-	-	-	2,655,010	2,655,010	-	2,655,010	23,298	2,678,308
Other comprehensive income	-	-	-	-	22,343	22,343	(101,888)	(79,545)	(73)	(79,618)
Total comprehensive income	-	-	-	-	2,677,353	2,677,353	(101,888)	2,575,465	23,225	2,598,690
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	205,477	-	(205,477)	-	-	-	-	-
Special reserve	-	-	-	161,986	(161,986)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,934,853)	(1,934,853)	-	(1,934,853)	-	(1,934,853)
Capital increase by cash	220,000	2,767,000	-	-	-	-	-	2,987,000	-	2,987,000
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(19,559)	(19,559)
Balance at December 31, 2021	**$ 2,418,566**	**6,214,704**	**2,221,327**	**278,231**	**2,959,791**	**5,459,349**	**(380,119)**	**13,712,500**	**82,942**	**13,795,442**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Profit before tax	$ 3,398,332	2,716,800
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	513,077	515,788
Amortization expense	17,326	18,630
Expected credit loss (gain)	(23,003)	30,950
Net gain on financial assets or liabilities at fair value through profit or loss	(25,472)	(27,258)
Interest expense	90,682	63,668
Interest income	(17,142)	(15,578)
Share-based payments transactions	-	196,350
Share of gains of investments accounted for using equity method	(38,725)	(40,333)
Loss (gain) on disposal of property, plant and equipment	1,056	(581)
Total adjustments to reconcile profit	517,799	741,636
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	1,336,192	(1,908,439)
Inventories	(1,408,357)	(623,181)
Other financial assets	(1,088,136)	48,310
Other operating assets	4,240	14,563
Total changes in operating assets	(1,156,061)	(2,468,747)
Changes in operating liabilities:		
Notes payable	(1,300)	993
Accounts payable	323,514	112,841
Accounts payable－related parties	51,297	(62,112)
Other payables	376,896	157,499
Other current liabilities	108,323	6,753
Accrued pension liabilities	(15,086)	52,189
Other operating liabilities	58,484	(73,889)
Total changes in operating liabilities	902,128	194,274
Total changes in operating assets and liabilities	(253,933)	(2,274,473)
Total adjustments	263,866	(1,532,837)
Cash inflow generated from operations	3,662,198	1,183,963
Interest received	13,176	15,780
Interest paid	(79,662)	(58,904)
Income taxes paid	(582,246)	(388,009)
Net cash flows from operating activities	3,013,466	752,830
Cash flows used in investing activities:		
Increase (decrease) in financial assets designated at fair value through profit or loss	23,362	(66,667)
Decrease (increase) in long-term prepayments	(31,836)	12,431
Acquisition of property, plant and equipment	(399,186)	(723,949)
Proceeds from disposal of property, plant and equipment	3,800	1,548
Decrease (increase) in refundable deposits	(2,094)	3,212
Acquisition of intangible assets	(15,617)	(23,047)
Increase in other financial assets	(1,950,376)	(650,758)
Net cash flows used in investing activities	(2,371,947)	(1,447,230)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term bank loans	(1,482,529)	2,529,973
Increase in long-term borrowings	245,056	-
Payment of lease liabilities	(124,326)	(111,960)
Cash dividends paid	(1,934,853)	(1,099,283)
Capital increase by cash	2,987,000	-
Capital reduction to non-controlling interests	-	(23,010)
Cash dividends paid to non-controlling interests	(19,559)	(23,010)
Net cash flows from (used in) from financing activities	(329,211)	1,272,710
Effect of exchange rate changes on cash and cash equivalents	(36,732)	(49,807)
Net increase in cash and cash equivalents	275,576	528,503
Cash and cash equivalents at beginning of period	2,367,059	1,838,556
Cash and cash equivalents at end of period	$ 2,642,635	2,367,059

See accompanying notes to financial statements.

Independent Auditors' Report

To the Board of Directors of Makalot Industrial Co., Ltd.:

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), 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 cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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 express an opinion on these matters, separately. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(o) "Revenue" to the financial statements.

   <u>Description of key audit matter</u>

   The Company is primarily involved in the manufacturing and processing of garments. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that the revenue recognition is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the design and effectiveness of the Company's internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Company's policy; performing trend and comparison analysis on revenue from major clients to assess the significant exceptions; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether sales transactions have been appropriately recognized.

2. Derecognition of financial assets

Please refer to Note 4(f) "Financial assets" and Note 6(c) "Factoring and derecognition of accounts receivable" to the financial statements.

Description of key audit matter

The Company factored its accounts receivable to certain financial institutions to manage its credit risk on accounts receivable. The judgments on derecognition of financial assets involved particular accounting treatments. Therefore, we determined that the derecognition of financial asset is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the internal controls of the Company applied in factoring its accounts receivable; reviewing the factoring agreements with banks; assessing whether the factoring of accounts receivable was performed in accordance with the Company's policy; assessing whether the disclosure of factoring transactions was appropriate, including performing the confirmation procedure.

3. Inventory valuation

Please refer to Note 4(g) "Inventories", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6(d) "Inventories" of the financial statements.

Description of key audit matter

The inventories of the Company are measured at the lower of cost and net realizable value. Since the amount of inventories has significant impact on the financial statements of the Company and the environment in the industry changes rapidly, the cost of inventories might have a risk to exceed the net realizable value. Therefore, we determined that the assessment of inventory valuation is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the Company's inventory management policies, such as the policy of management and valuation of inventories; assessing whether the inventory management and valuation were performed in accordance with the Company's policy; performing sampling procedures to understand the net realizable values used by management and the prices in a period after the reporting date to ensure the appropriateness of the valuation; sampling and inspecting the accuracy of the inventory aging report; assessing whether the disclosure of provision for inventory valuation and obsolescence was appropriate at the reporting date.

4. Investment accounted for using equity method

Please refer to Note 4 (h) and (i) “investment accounted for using equity method” and Note 6 (e) “Details of investment accounted for using equity method” to the financial statements.

Description of key audit matter

The investments of the Company accounted for using equity method are mainly its subsidiaries all across the globe, wherein amounts of the investments has significant impact on the assets of the Company. Therefore, we determined that the investment accounted for using equity method is a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the internal controls of the Company applied in the investment accounted for using equity method; acquiring the detail movements of the investment accounted for using equity method and examining their transaction records and related documents; assessing whether the investment accounted for using equity method was performed in accordance with the Company’s policy; acquiring the detailed calculation of the investment accounted for using equity method and evaluating whether the Company recognizes the share of profit or loss of its subsidiaries and associates accounted for equity method and the exchange difference on translation of foreign operations according to the appropriate percentage of the investment; understanding whether the difference between the cost of the investment accounted for using equity method and the net equity held by the Company was addressed appropriately by the nature of their differences.

Other Matter

We did not audit the financial statements of certain investments, which represented investments accounted for using equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included below, is based solely on the reports of other auditors. The investments accounted for using equity method audited by other auditors both constituted 1% of the total assets as of December 31, 2021 and 2020, and the related shares of profit or loss of subsidiaries and associates accounted for using equity method both constituted 0% of the profit before income tax for the years then ended, respectively.

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 audit committees) are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the investment in other entities accounted for using the equity method 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2022

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)(v))	$ 1,960,352	9	803,108	5
1110	Current financial assets at fair value through profit or loss (notes 6(b)(v))	166,007	1	163,897	1
1170	Accounts receivable, net (notes 6(c)(s)(v))	1,124,137	5	2,406,387	14
1210	Other receivables due from related parties, net (notes 6(c)(v) and 7)	328,985	2	9,092	-
1310	Inventories, manufacturing business, net (note 6(d))	4,387,364	21	3,138,529	18
1476	Other current financial assets (notes 6(c)(v))	5,966,976	28	3,028,776	18
1479	Other current assets, others (note 6(i) and 7)	100,344	1	354,469	2
		14,034,165	67	9,904,258	58
	Non-current assets:				
1550	Investments accounted for using equity method, net (note 6(e))	1,978,255	9	1,961,589	12
1600	Property, plant and equipment (notes 6(f) and 8)	2,893,922	14	2,929,450	17
1755	Right-of-use assets (notes 6(g)(y))	3,404	-	11,469	-
1821	Intangible assets, net (note 6(h))	23,859	-	24,638	-
1840	Deferred tax assets (note 6(o))	21,081	-	49,103	-
1942	Long-term receivables due from related parties (notes 6(v) and 7)	2,000,026	9	2,027,465	12
1990	Other non-current assets, others (notes 6(i)(v) and 8)	135,278	1	134,234	1
		7,055,825	33	7,137,948	42
	Total assets	$ 21,089,990	100	17,042,206	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(j)(v))	$ 1,550,640	7	3,003,033	18
2150	Notes payable (note 6(v))	1	-	1,301	-
2170	Accounts payable (note 6(v))	1,764,251	8	1,473,389	9
2180	Accounts payable to related parties (notes 6(v) and 7)	1,139,727	6	303,350	2
2200	Other payables (note 6(v))	1,554,617	7	1,244,635	7
2220	Other payables to related parties (notes 6(v) and 7)	3,393	-	2,368	-
2230	Current tax liabilities	688,364	3	568,465	3
2251	Current provisions for employee benefits (note 6(n))	23,361	-	19,553	-
2259	Other short-term provisions (note 6(l))	212,700	1	148,357	1
2280	Current lease liabilities (notes 6(m)(v)(y))	1,565	-	11,641	-
2322	Long-term borrowings, current portion (note 6(k)(v))	81,685	1	-	-
2399	Other current liabilities, others (note 7)	113,532	1	102,463	1
		7,133,836	34	6,878,555	41
	Non-Current liabilities:				
2541	Long-term bank loans (note 6(k)(v))	163,371	1	-	-
2570	Deferred tax liabilities (note 6(o))	19,795	-	16,914	-
2580	Non-current lease liabilities (notes 6(m)(v)(y))	1,990	-	-	-
2640	Net defined benefit liability, non-current (note 6(n))	55,496	-	58,847	-
2670	Other non-current liabilities, others	3,002	-	3,002	-
		243,654	1	78,763	-
	Total liabilities	7,377,490	35	6,957,318	41
	Equity (notes 6(p)(q)(x)):				
3100	Ordinary shares	2,418,566	11	2,198,566	13
3200	Capital surplus	6,214,704	30	3,447,704	20
3300	Retained earnings	5,459,349	26	4,716,849	28
3410	Exchange differences on translation of foreign financial statements	(380,119)	(2)	(278,231)	(2)
	Total equity	13,712,500	65	10,084,888	59
	Total liabilities and equity	$ 21,089,990	100	17,042,206	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MAKALOT INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars , except earnings per share)

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue, net (note 6(s))**	$ 28,268,912	100	24,420,679	100
5000	**Operating costs (notes 6(d)(n) and 7)**	22,825,210	81	19,910,986	82
	Gross profit from operations	5,443,702	19	4,509,693	18
	Operating expenses (notes 6(c)(h)(m)(n)(q)(t) and 12):				
6100	Selling expenses	1,266,684	4	1,152,609	5
6200	Administrative expenses	878,645	3	765,161	3
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(22,992)	-	30,917	-
	Total operating expenses	2,122,337	7	1,948,687	8
	Net operating income	3,321,365	12	2,561,006	10
	Non-operating income and expenses:				
7100	Total interest income(note 6(u) and 7)	51,814	-	66,734	-
7010	Other income (notes 6(u) and 7)	46,754	-	40,091	-
7020	Other gains and losses, net (notes 6(u)(v))	15,278	-	(6,122)	-
7050	Finance costs, net (notes 6(m)(u))	(76,893)	-	(56,676)	-
7070	Share of profit (loss) of investments accounted for using equity method	(25,742)	-	41,526	-
	Total non-operating income and expenses	11,211	-	85,553	-
7900	**Profit before income tax**	3,332,576	12	2,646,559	10
7951	Less: income tax expenses (note 6(o))	677,566	3	590,122	2
	Profit	2,655,010	9	2,056,437	8
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(946)	-	(6,139)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method that will not be reclassified to profit or loss	22,240	-	2,749	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,049)	-	(1,729)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	22,343	-	(1,661)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(101,888)	-	(161,985)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(101,888)	-	(161,985)	-
8300	**Other comprehensive income**	(79,545)	-	(163,646)	-
	Comprehensive income	**$ 2,575,465**	**9**	**1,892,791**	**8**
	Earnings per share (note 6(r))				
9750	Basic earnings per share (in dollars)	**$ 11.20**		**9.35**	
9850	Diluted earnings per share (in dollars)	**$ 11.15**		**9.30**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MAKALOT INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2020	$ 2,198,566	3,251,635	1,825,607	27,898	1,907,851	3,761,356	(116,246)	9,095,311
Profit	-	-	-	-	2,056,437	2,056,437	-	2,056,437
Other comprehensive income	-	-	-	-	(1,661)	(1,661)	(161,985)	(163,646)
Total comprehensive income	-	-	-	-	2,054,776	2,054,776	(161,985)	1,892,791
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	190,243	-	(190,243)	-	-	-
Special reserve	-	-	-	88,347	(88,347)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,099,283)	(1,099,283)	-	(1,099,283)
Changes in ownership interests in subsidiaries	-	(281)	-	-	-	-	-	(281)
Share-based payments transactions	-	196,350	-	-	-	-	-	196,350
Balance at December 31, 2020	2,198,566	3,447,704	2,015,850	116,245	2,584,754	4,716,849	(278,231)	10,084,888
Profit	-	-	-	-	2,655,010	2,655,010	-	2,655,010
Other comprehensive income	-	-	-	-	22,343	22,343	(101,888)	(79,545)
Total comprehensive income	-	-	-	-	2,677,353	2,677,353	(101,888)	2,575,465
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	205,477	-	(205,477)	-	-	-
Special reserve appropriated	-	-	-	161,986	(161,986)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,934,853)	(1,934,853)	-	(1,934,853)
Capital increase by cash	220,000	2,767,000	-	-	-	-	-	2,987,000
Balance at December 31, 2021	**$ 2,418,566**	**6,214,704**	**2,221,327**	**278,231**	**2,959,791**	**5,459,349**	**(380,119)**	**13,712,500**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

MAKALOT INDUSTRIAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Profit before tax	$ 3,332,576	2,646,559
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	67,944	61,056
Amortization expense	7,396	6,396
Expected credit loss (gain)	(22,992)	30,917
Net gain on financial assets or liabilities at fair value through profit or loss	(25,472)	(27,258)
Interest expense	76,893	56,676
Interest income	(51,814)	(66,734)
Share-based payment transactions	-	196,350
Share of profit of investments accounted for using equity method	25,742	(41,526)
Loss on disposal of property, plant and equipment	731	260
Loss on disposal of investments accounted for using equity method	-	16,192
Total adjustments to reconcile profit	78,428	232,329
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	1,305,242	(1,852,988)
Other receivable due from related parties	(319,893)	270,890
Inventories	(1,248,835)	(524,538)
Other financial assets	(1,033,987)	(50,041)
Other operating assets	254,125	(290,135)
Total changes in operating assets	(1,043,348)	(2,446,812)
Changes in operating liabilities:		
Notes payable	(1,300)	994
Accounts payable	290,862	74,185
Accounts payable to related parties	836,377	(1,109,362)
Other payables	310,021	120,124
Other payables to related parties	1,025	(13,348)
Other current liabilities	11,069	96,045
Accrued pension liabilities	(4,297)	(2,505)
Other operating liabilities	68,151	(45,252)
Total changes in operating liabilities	1,511,908	(879,119)
Total changes in operating assets and liabilities	468,560	(3,325,931)
Total adjustments	546,988	(3,093,602)
Cash inflow generated from operations	3,879,564	(447,043)
Interest received	47,601	66,618
Interest paid	(76,805)	(56,643)
Income taxes paid	(525,715)	(292,219)
Net cash flows from (used in) operating activities	3,324,645	(729,287)
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	23,362	(66,667)
Proceeds from disposal of property, plant and equipment	628	52
Acquisition of investments accounted for using equity method	(123,200)	(275,476)
Proceeds from disposal of investments accounted for using equity method	-	14,821
Increase in long-term prepayments	(1,024)	(6,103)
Proceeds from capital reduction of investments accounted for using equity method	28,000	36,990
Acquisition of property, plant and equipment	(20,997)	(40,790)
Decrease in refundable deposits	(2,366)	(394)
(Increase) decrease in other receivables due from related parties	(30,859)	39,276
Acquisition of intangible assets	(6,617)	(9,079)
Increase in other financial assets	(1,897,654)	(677,881)
Dividends received	31,442	243,597
Net cash flows used in investing activities	(1,999,285)	(741,654)
Cash flows from (used) in financing activities:		
Increase (decrease) in short-term loans	(1,452,393)	2,184,171
Increase in long-term borrouings	245,056	-
Payment of lease liabilities	(12,926)	(11,722)
Cash dividends paid	(1,934,853)	(1,099,283)
Capital increase by cash	2,987,000	-
Net cash flows from (used in) financing activities	(168,116)	1,073,166
Net increase (decrease) in cash and cash equivalents	1,157,244	(397,775)
Cash and cash equivalents at beginning of period	803,108	1,200,883
Cash and cash equivalents at end of period	$ **1,960,352**	**803,108**

See accompanying notes to financial statements.

Attachment V Comparison Table for the Article of Incorporation (Before and After Revision)

After Revision	Before Revision	Explanatory Note
Article 10: <ins>The Company's shareholders' meetings may be held by video conference or other means announced by the central competent authority</ins>. Once the shareholders can't attend the shareholders meeting, a proxy having the authorization from the relevant shareholders with the shareholders' meeting notice indicating the scope of authorization can attend the meeting. The regulation of shareholders' proxy shall follow the "Regulation Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies" except the regulation governed in article 177 of the Company Act.	Article 10: Once the shareholders can't attend the shareholders meeting, a proxy having the authorization from the relevant shareholders with the shareholders' meeting notice indicating the scope of authorization can attend the meeting. The regulation of shareholders' proxy shall follow the "Regulation Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies" except the regulation governed in article 177 of the Company Act.	To add the method of holding shareholders' meetings in compliance with the law and regulation
Article 23: These Articles of Incorporation were established on December12, 1989. The 1st revision was made on April 30, 1990. The 2nd revision was made on October 25, 1992. The 3rd revision was made on June 28, 1993. The 4th revision was made on October 20, 1993. The 5th revision was made on March 20, 1997. The 6th revision was made on October 1, 1997. The 7th revision was made on May 5, 1998. The 8th revision was made on July 25, 1998. The 9th revision was made on November 23, 1998.	Article 23: These Articles of Incorporation were established on December12, 1989. The 1st revision was made on April 30, 1990. The 2nd revision was made on October 25, 1992. The 3rd revision was made on June 28, 1993. The 4th revision was made on October 20, 1993. The 5th revision was made on March 20, 1997. The 6th revision was made on October 1, 1997. The 7th revision was made on May 5, 1998. The 8th revision was made on July 25, 1998. The 9th revision was made on November 23, 1998.	To add the revision date of the newly revision.

After Revision	Before Revision	Explanatory Note
The 10th revision was made on June 9, 1999.	The 10th revision was made on June 9, 1999.	
The 11th revision was made on December 21, 1999.	The 11th revision was made on December 21, 1999.	
The 12th revision was made on June 26, 2000.	The 12th revision was made on June 26, 2000.	
The 13th revision was made on May 27, 2002.	The 13th revision was made on May 27, 2002.	
The 14th revision was made on November 22, 2002.	The 14th revision was made on November 22, 2002.	
The 15th revision was made on June 2, 2003.	The 15th revision was made on June 2, 2003.	
The 16th revision was made on June 14, 2005.	The 16th revision was made on June 14, 2005.	
The 17th revision was made on June 13, 2007.	The 17th revision was made on June 13, 2007.	
The 18th revision was made on June 9, 2010.	The 18th revision was made on June 9, 2010.	
The 19th revision was made on June 18, 2012.	The 19th revision was made on June 18, 2012.	
The 20th revision was made on June 23, 2014.	The 20th revision was made on June 23, 2014.	
The 21st revision was made on June 16, 2016.	The 21st revision was made on June 16, 2016.	
The 22nd revision was made on June 16, 2020.	The 22nd revision was made on June 16, 2020	
The 23rd revision was made on June 18, 2021.	The 23rd revision was made on June 18, 2021	
The 24th revision was made on June 15, 2022.		

Attachment VI Comparison Table Rules of Procedures for Shareholders' Meetings (Before/After Revision)

<table>
<tr><th>After</th><th>Before</th><th>Reason of Revision</th></tr>
<tr><td>Article 3

Paragraph 1 Omitted

<u>Changes to how the Company convenes its Shareholder's meeting shall be resolved by the board of directors, and shall be made no later than the mailing of the shareholder's meeting notice.</u>

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 dates before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. <u>If, however, the Company has the paid-in capital of NT$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reach 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular meeting.</u> In</td><td>Article 3

Paragraph 1 Omitted

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 dates before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before date of the shareholders' meeting, the Company shall also have prepared the shareholders' agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</td><td>Refer to Article 3 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"</td></tr>
</table>

After	Before	Reason of Revision
addition, before 15 days before date of the shareholders' meeting, the Company shall also have prepared the shareholders' agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting: 1. For physical meeting, to be distributed on-site at the meeting. 2. For hybrid shareholders meeting, to be distributed on-site at the meeting and shared on the virtual meeting platform. 3. For the Virtual-only shareholders meetings, the electronic files shall be shared on the virtual meeting platform. Paragraph 5 Omitted Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit	Paragraph 3 Omitted Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The major content shall be publicized on the web assigned by the Security governing organization and the relative web address shall be listed in the notice of the shareholders' meeting. Paragraph 5 Omitted A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at shareholders' meeting. The number of items so proposed is limited to one item only, and no	

After	Before	Reason of Revision
distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 & Article 43-6 of Securities Act, Article 56-1 and Article 60-2 of " Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. Paragraph 7 Omitted A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at shareholders' meeting. The number of items so proposed is limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited in accordance with Article 172-2 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. The paragraph listed below – Omitted	proposal containing more than one item will be included in the meeting agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities and the Board of Directors shall include the proposals into the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. The paragraph listed below - Omitted	

After	Before	Reason of Revision
Article 4 Paragraphs 1, 2, 3 Omitted <u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholder's meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u>	Article 4 Paragraphs 1, 2, 3 Omitted	Refer to Article 4 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"
Article 5 Paragraph 1 Omitted <u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.</u>	Article 5 Paragraph 1 Omitted	Refer to Article 5 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"
Article 6 The Company shall specify in shareholder's meeting notice the time during which attendance registrations for <u>shareholders, solicitors and proxies (collectively "shareholders)</u> will be accepted, the place to register for attendance attendance, and other matters for attention.	Article 6 The Company shall specify in our shareholders meeting notice the time during which attendance registrations for shareholders will be accepted, the place to registration for attendance, and other matters for attention.	Refer to Article 6 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

After	Before	Reason of Revision
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes before 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 registration. <u>For virtual shareholders' meeting, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u> <u>Shareholders</u> shall attend shareholders' meetings based on attendance cards, sing-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. Paragraphs 4, 5, 6 Omitted <u>In the Event of a virtual shareholders meeting, shareholders wish to attend the meeting online shall register with the Company two days before the meeting date.</u> <u>In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30</u>	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 registration. Shareholders, solicitors, and proxies (collectively" shareholders") shall attend shareholders' meetings based on attendance cards, sing-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. Paragraphs 4, 5, 6 Omitted	

After	Before	Reason of Revision
minutes before the meeting starts, and keep this information disclose until the end of the meeting.		
Article 6-1 To Convene a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders meeting notice: 1. How shareholders attend the virtual meeting and exercise their rights. 2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars: A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume. B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session. C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those	New addition	Refer to Article 6 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

After	Before	Reason of Revision
represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting online shall be deem abstaining from voting on all proposals on meeting agenda of the shareholders meeting. D. Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out. 3. To Convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending the virtual shareholders meeting online shall be specified.		
Article 8 Paragraphs 1, 2 Omitted Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes case, and results of votes counted by the Company, and continuously audio and video record,	Article 8 Paragraphs 1, 2 Omitted	Refer to Article 8 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

After	Before	Reason of Revision
without interruption, the proceedings of the virtual meeting from beginning to end. The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party-appointed to handle matters of the virtual meeting. In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.		
Article 9 Attendance at shareholders' meetings shall be calculated based on the number 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, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed	Article 9 Attendance at shareholders meetings shall be calculated based on number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two	Refer to Article 9 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

After	Before	Reason of Revision
Time and <u>disclose information concerning the non-voting right shares and the number of shares represented by shareholders attending the meeting.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform</u>. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders present one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.</u>	postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. The chair shall call the meeting to order at the appointed time. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders present one third or more of the total number of issued shares, a tentative resolution may be adopted under Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. The below paragraph - Omitted	

After	Before	Reason of Revision
The below paragraph - Omitted		
Article 11 Paragraph 1, 2, 3, 4, 5, 6 Omitted Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declares meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraph 1 to 5 do not apply. As long as questions so raised in preceding paragraph are not in violation of the regulations or beyond the scope of proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.	Article 11 Paragraphs 1, 2, 3, 4, 5, 6 Omitted	Refer to Article 11 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"
Article 13 Paragraph s 1, 2, 3 Omitted 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 or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph	Article 13 Paragraphs 1, 2, 3 Omitted 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	Refer to Article 13 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

<table>
<tr><th>After</th><th>Before</th><th>Reason of Revision</th></tr>
<tr><td>shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Paragraphs 5, 6, 7, 8 Omitted

<u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u>

<u>In the event of virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></td><td>be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Paragraphs 5, 6, 7, 8 Omitted</td><td></td></tr>
<tr><td>Article 14

The election of directors at a shareholders meeting shall be held in accordance with applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with</td><td>Article 14

The election of directors at a shareholders meeting shall be held in accordance with applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those</td><td>Refer to Article 14 of “Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting”</td></tr>
</table>

After	Before	Reason of Revision
which they were elected and the names of directors not elected and number of votes they received. Paragraph 2 Omitted	elected as directors and the numbers of votes with which they were elected. Paragraph 2 Omitted	
Article 15 Paragraph 1 Omitted The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. Paragraph 3 Omitted Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes. When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with	Article 15 Paragraphs 1, 2 Omitted	Refer to Article 15 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

After	Before	Reason of Revision
difficulties in attending a virtual-only shareholders meeting online.		
Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting. The paragraph listed below omitted.	Article 16 On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and shall make an express disclosure of the same at the place of the shareholders meeting. The paragraph listed below omitted.	Refer to Article 16 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"

After	Before	Reason of Revision
Article 19 In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourn	New addition	Refer to Article 19 of “Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting”
Article 20 When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.	New addition	Refer to Article 20 of “Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting”
Article 21 In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues. In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of	New addition	Refer to Article 21 of “Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting”

After	Before	Reason of Revision
Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure event before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting for shall be postponed to or resumed on another date within five days in which case Article 182 of the Company Act shall not apply. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.		

After	Before	Reason of Revision
During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors. When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required. Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting. When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20,		

After	Before	Reason of Revision
paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies. For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.		
Article 22 When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending the virtual shareholders meeting online.	New addition	Refer to Article 22 of "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meeting"
Article 23 There rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effective in the same manner. This regulation was set up on May 15, 2000. The first revision was made on Apr. 15, 2002, the 2nd revision was	Article 23 There rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effective in the same manner. This regulation was set up on May 15, 2000. The first revision was made on Apr. 15, 2002, the 2nd revision was	The revision of article number and add the date of this revision.

After	Before	Reason of Revision
made on Jun. 19, 2003 and the 3rd revision was made on Jun. 16, 2020., <u>and the 4th revision was made on Jun. 15, 2022.</u>	made on Jun. 19, 2003 and the 3rd revision was made on Jun. 16, 2020.	

Attachment VII Comparison Table for the Procedures for Acquiring or Disposing of Assets (Before/After Revision)

After	Before	Reason
5.1.4 Appraisal report for real property, equipment, or right-of-use In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1, and the reference to within one year shall be based on the date of occurrence of this transaction and shall be projected one year backward, and the portion of the professional estimation report or accountant's opinion already obtained in accordance with the provisions of this procedure shall not be counted again. 5.1.4.1 This provision has not been amended. 5.1.4.2 This provision has not been amended. 5.1.4.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired	5.1.4 Appraisal report for real property, equipment, or right-of-use In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1, and the reference to within one year shall be based on the date of occurrence of this transaction and shall be projected one year backward, and the portion of the professional estimation report or accountant's opinion already obtained in accordance with the provisions of this procedure shall not be counted again. 5.1.4.1 This provision has not been amended. 5.1.4.2 This provision has not been amended. 5.1.4.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired	In accordance with article 9 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

After	Before	Reason
are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 5.1.4.3.1 This provision has not been amended. 5.1.4.3.2 This provision has not been amended. 5.1.4.4 This provision has not been amended.	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: 5.1.4.3.1 This provision has not been amended. 5.1.4.3.2 This provision has not been amended. 5.1.4.4 This provision has not been amended.	
5.2 The investment procedure to acquire or dispose securities 5.2.1 This provision has not been amended. 5.2.2 This provision has not been amended. 5.2.3 This provision has not been amended. 5.2.4 When the Company acquiring or disposing securities, unless the securities are publicly quoted in an active market or unless otherwise specified by the FSC, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The calculation of the aforementioned transaction amount shall be in accordance with	5.2 The investment procedure to acquire or dispose securities 5.2.1 This provision has not been amended. 5.2.2 This provision has not been amended. 5.2.3 This provision has not been amended. 5.2.4 When the Company acquiring or disposing securities, unless the securities are publicly quoted in an active market or unless otherwise specified by the FSC, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA	In accordance with article 10 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

After	Before	Reason
6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted.	shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted.	
5.3 The procedure of transaction with related parties 5.3.1 This provision has not been amended. 5.3.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee. <u>If the Company or a subsidiary of the Company that is not a domestic public company has any of the aforementioned transactions amounting to 10% or more of the Company's total assets, the</u>	5.3 The procedure of transaction with related parties 5.3.1 This provision has not been amended. 5.3.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and	In accordance with article 15 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

After	Before	Reason
Company shall submit the information listed in the preceding paragraphs to the shareholders' meeting for approval before signing contract and making the payment. However, transactions between the Company and its subsidiaries, or transaction among its subsidiaries are not subject to this limitation. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the transaction that has been submitted to the Audit Committee, the Board of Directors and the Shareholders' Meeting for approval in accordance with the provisions of these Procedures shall not be counted again.	the portion of the transaction that has been submitted to the Audit Committee, the Board of Directors and the shareholders' meeting for approval in accordance with the provisions of these Procedures shall not be counted again.	
5.4 The procedure to acquires or disposes of intangible assets or right-of-use assets or memberships or other major assets 5.4.1 This provision has not been amended. 5.4.2 This provision has not been amended. 5.4.3 The professional appraisal report for intangible assets or memberships Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The calculation of the aforementioned	5.4 The procedure to acquires or disposes of intangible assets or right-of-use assets or memberships or other major assets 5.4.1 This provision has not been amended. 5.4.2 This provision has not been amended. 5.4.3 The professional appraisal report for intangible assets or memberships Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of	In accordance with article 11 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

After	Before	Reason
transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted.	Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted.	
5.5.1.5 Defining the total contract amount and loss limit 5.5.1.5.1 Total contract amount of hedging transaction and loss limits The total amount of the Company's overall hedging contracts which have not been charged off is limited to the net portion of the receivables and the payables or limited to the net part of the offsetting assets and liabilities. All the mentioned are arising from the Company's business for the next six months. The loss on individual contracts is 20% of the contract amount; the loss on all contracts is 15% of the total contract amount. 5.5.1.5.2 Total contract amount of non-hedging transaction and loss limits The total amount of the Company's outstanding non-hedging contracts which have not been charged off shall not exceed 20% of the Company's net worth. Losses on individual contracts and on all contracts are limited to 10%	5.5.1.5 Defining the total contract amount and loss limit 5.5.1.5.1 Total contract amount of hedging transaction and loss limits The total amount of the Company's overall hedging contracts is limited to the net portion of the receivables and the payables or limited to the net part of the offsetting assets and liabilities. All the mentioned are arising from the Company's business for the next six months. The loss on individual contracts is 20% of the contract amount; the loss on all contracts is 20% of the total contract amount. 5.5.1.5.2 Total contract amount of non-hedging transaction and loss limits The total amount of the Company's outstanding non-hedging contracts shall not exceed 20% of the Company's net worth. Losses on individual contracts and on all contracts are limited to 10% of the amount of each contract.	To revise transaction privileges and some text wording in response to management requirements

<table>
<tr><th>After</th><th>Before</th><th>Reason</th></tr>
<tr><td>of the balance amount <u>which have not been charged off of each contract.</u></td><td></td><td></td></tr>
<tr><td>5.5.2.2 Authorization quota and level

5.5.2.2.1

<table><tr><td>Transaction Person</td><td><u>Transaction Limit; Non-Charged Off Contract Amount</u></td></tr><tr><td>Chairman</td><td><u>USD 200 million</u></td></tr><tr><td>Div. President/ CFO</td><td><u>USD 140 million</u></td></tr><tr><td>Chief of financial dept.</td><td><u>USD 80 million</u></td></tr></table>
In financial Dept., any other person having right on transaction who shall be hierarchically authorized by the chairman within the authorization limitation of financial department.

5.5.2.2.2 If the daily transaction amount or non-charged off potion is beyond the limit of authorization, the transaction can be done after reporting to the qualified person who has the authorization limit</td><td>5.5.2.2 Authorization quota and level

5.5.2.2.1

<table><tr><td>Transaction Person</td><td>Net Accumulated Trading Privilege</td></tr><tr><td>Chairman</td><td>USD 160 million</td></tr><tr><td>Div. President/ CFO</td><td>USD 100 million</td></tr><tr><td>Chief of financial dept.</td><td>USD 60 million</td></tr></table>
In financial Dept., any other person having right on transaction who shall be hierarchically authorized by the chairman within the authorization limitation of financial department.

5.5.2.2.2 If the daily transaction amount or non-charged off potion is beyond the limit of authorization, the transaction can be done after reporting to the qualified person who has the authorization limit.</td><td>To revise transaction privileges to meet future operational needs</td></tr>
<tr><td>6. Procedure of public announcement and report

6.1 Criteria of public announcement and report

6.1.1 This provision has not been amended.</td><td>6. Procedure of public announcement and report

6.1 Criteria of public announcement and report

6.1.1 This provision has not been amended.</td><td>In accordance with article 31 of Regulations Governing</td></tr>
</table>

After	Before	Reason
6.1.2 This provision has not been amended. 6.1.3 This provision has not been amended. 6.1.4 This provision has not been amended. 6.1.4.1 This provision has not been amended. 6.1.4.2 This provision has not been amended. 6.1.4.3 Exception 6.1.4.3.1 Trading of domestic bonds <u>or the foreign bonds whose credit rating is not lower than the domestic sovereign rating</u>	6.1.2 This provision has not been amended. 6.1.3 This provision has not been amended. 6.1.4 This provision has not been amended. 6.1.4.1 This provision has not been amended. 6.1.4.2 This provision has not been amended. 6.1.4.3 Exception 6.1.4.3.1 Trading of domestic bonds	the Acquisition and Disposal of Assets by Public Companies
10. Other major matters 10.1 The provision has not been amended. 10.2 When the aforementioned personnel issue the appraise report or opinions, it shall meet the self-regulatory regulation of each business association and the following requirements: 10.2.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 10.2.2 When executing 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	10. Other major matters 10.1 The provision has not been amended. 10.2 When the aforementioned personnel issue the appraise report or opinions, it shall meet the following requirements: 10.2.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 10.2.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.	In accordance with article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

After	Before	Reason
collected, and conclusion shall be fully and accurately specified in the case working papers. 10.2.3 They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 10.2.4 The statements shall attest to the personnel who owns the professional competence and independence and they have evaluated that the information used is reasonable, appropriate, and in accordance with applicable laws and regulations.	10.2.3 They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 10.2.4 The statements shall attest to the personnel who owns the professional competence and independence and they have evaluated that the information used is reasonable, accurate, and in accordance with applicable laws and regulations.	
Date of implementation Approved in the shareholders' meeting on June 2, 2003 Approved in the shareholders' meeting on June 15, 2004 Approved in the shareholders' meeting on June 14, 2005 Approved in the shareholders' meeting on June 13, 2007 Approved in the shareholders' meeting on June 18, 2012 Approved in the shareholders' meeting on June 13, 2013 Approved in the shareholders' meeting on June 23, 2014 Approved in the shareholders' meeting on June 19, 2017 Approved in the shareholders' meeting on June 18, 2019	Date of implementation Approved in the shareholders' meeting on June 2, 2003 Approved in the shareholders' meeting on June 15, 2004 Approved in the shareholders' meeting on June 14, 2005 Approved in the shareholders' meeting on June 13, 2007 Approved in the shareholders' meeting on June 18, 2012 Approved in the shareholders' meeting on June 13, 2013 Approved in the shareholders' meeting on June 23, 2014 Approved in the shareholders' meeting on June 19, 2017 Approved in the shareholders' meeting on June 18, 2019	To add the date of revision

After	Before	Reason
Approved in the shareholders' meeting on June 15, 2022		

Appendix I Rules of Procedures for Shareholders Meetings (Before Revision)

Rules of Procedures for 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 the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

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

Article 3

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

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

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

Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application for cessation of the public offering, directors' permission to compete, transfer of capital from earnings, transfer of capital from surplus, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The major content shall be publicized on the web assigned by the Security governing organization and the relative web address shall be clearly indicated in the notice of Shareholders' Meeting.

The convening of the shareholders 'meeting has stated the full re-election of directors and the date of appointment. After the re-election is done, the appointment date shall not be changed by extraordinary motion or other means.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation 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. But, if shareholders' proposals are pushing the Corporation to improve the public welfare or social responsibility, the BOD still needs to add the relative proposals to the proposals of the shareholders' meeting. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date, before the annual shareholders meeting is held, this Corporation 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 in written or electronic form.

The proposals submitted by shareholders are limited to 300 words, and any proposal containing more than 300 words will be rejected from the meeting agenda. The shareholder making the proposal shall present in person or by proxy at the shareholders' meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the board of directors shall explain the reasons for the 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. One shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting and shall deliver the proxy form to the Company 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.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation 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

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

Article 6

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

The Company shall furnish 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, 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 a proxy, it may designate only one person to represent it in the meeting.

Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice-chairperson shall act in place of the chairperson; if there is no vice-chairperson or the vice-chairperson also is on leave or for any reason unable to exercise the powers of the vice-chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

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

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

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

Article 8

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

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

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

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

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

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

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. All the proposals, (including the extempore motion and the revised motions), shall be discussed and resolute one by one. The meeting shall have proceeded in the order of agenda, which may not be changed without a resolution of the shareholders meeting.

If the shareholders meeting is convened by the other conveners, not by BOD, the previous regulations shall be accordingly executed.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11

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

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

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

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

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

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

Article 12

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

With respect to resolutions of shareholders meetings, the 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 the Company, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

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

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

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

When the Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights by electronic means and may also by correspondence. When the Company holds a shareholder meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to the original proposals of that meeting; It is, therefore, advisable that the Company is better to avoid the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 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 Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require the more than half affirmative votes of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designed by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for, against, and the number of abstentions shall be entered into the MOPS.

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

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

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

Article 14

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

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

The 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 the voting numbers. Once the election of directors is held, the voting number of each candidate shall be clearly recorded. And all the relative data shall be retained for the duration of the existence of the Company, permanently.

Article 16

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

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

Article 17

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

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

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

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

Article 18

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

If the meeting venue is no longer available for continued use and not all of the items (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 the shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19

These Rules, and any amendments thereto, shall be implemented after adoption by shareholders meetings.

The 1st version was set on May 15, 1990.

The 1st revision was made on Apr. 15, 2002.

The 2nd revision was made on Jun. 19, 2013.

The 3rd revision was made on Jun. 16, 2020

Appendix II Articles of Incorporation (Before Revision)

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company was organized in accordance with the Company Act. Its English name is Makalot Industrial Co., Ltd.

Article 2: The scope of business of the Company shall be as follows:

1. C306010 Outwear Knitting Mills;
2. C307010 Apparel, Clothing Accessories, and Other Textile Product Manufacturing;
3. C399990 Other Textile Products Manufacturing;
4. F204110 Retail sale of cloths, clothes, shoes, hats, umbrellas and apparel, clothing accessories, and other textile products;
5. F399040 Retail business without shop;
6. F401010 International trade;
7. CF01011 Medical Materials and Equipment Manufacturing;
8. F108031 Wholesale of Drugs, Medical Goods;
9. F208031 Retail sale of Medical Equipment;
10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide guarantees externally when it is necessary for business.

Article 2-2: The Company's total amount of investment shall not be restricted by Article 13 of the Company Act.

Article 3: The Company shall have its head office in Taipei City, and if necessary, may set up branches domestically or abroad upon a resolution of its Board of Directors.

Article 4: Deleted

Chapter 2 Shares

Article 5: The Company's capital authorized is NT$ 3 billion, which is divided into 300 million shares, at a par value of Ten New Taiwan Dollars (NT$ 10) per share, and the Board of Directors has been authorized to issue them in installments.

Article 6: Deleted.

Article 7: All of the shares issued by the Company shall be name-bearing and signed or sealed by the Company's Directors. Shares can be issued by the competent authority or the competent authority's approved share-issuing institution after the shares are recorded. Following the public offering of the Company's stock, the Company may print a consolidated share certificate representing the total number of the new shares to be issued at the same time of issue and may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities depository for safekeeping or registration.

Article 8: The transfer of shares shall be suspended within 60 days prior to the convening date of an annual general meeting or within 30 days prior to the convening date of an extraordinary general meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 8-1: The Company's shareholders shall comply with the "Regulations Governing the Administration of Shareholder Services of Public Companies", unless otherwise provided by law and securities regulations, in connection with stock transfer, pledge of rights, loss, inheritance, gift, loss of seal or change of address.

Chapter 3 Shareholders' Meeting

Article 9: A shareholders' meeting may be recognized as an annual and extraordinary general meeting. An annual general meeting shall be called once a year within six months after the closing of each fiscal year, and a notice shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date by the Board of Directors. An extraordinary general meeting may be called when it is necessary based on the laws, and a notice shall be sent to each shareholder 15 days prior to the scheduled meeting date.

Article 10: When a shareholder is unable to attend the shareholder's meeting, he/she may appoint a proxy through a letter of appointment printed by the Company, stating the scope of authorization to the proxy. Shareholders' attendance by proxy shall be conducted in accordance with Article 177 of the Company Act, as well as meeting the requirements provided in the Regulations Governing the Use of Proxies for Attendance at Shareholder meetings of Public Companies.

Article 11: Each of the Company's shares is entitled to one voting right. However, those stipulated in the Company Act shall comply with priority.

Article 12: Unless otherwise stated in relevant laws and regulations, resolutions of shareholders' meeting shall be agreed upon by the majority of votes represented by the attending shareholders or proxies who represents the majority of the total number of issued shares. In accordance with the regulations of the competent authorities, shareholders of the Company may also exercise their voting rights by electronic means, and shareholders who exercise their voting rights by electronic means are deemed to be present in person, all matters relating thereto shall be governed by law.

Article 12-1: When a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. In case the Chairman is on leave, the vice-chairman shall act in the place of the Chairman. If the vice-chairman is also on leave, the Chairman shall appoint one of the Managing Directors to act as the chair, or, if Managing Directors have not been appointed, one of the Directors shall be appointed to act as the chair. Where the Chairman does not make such appointment, the Managing Directors of the Directors shall elect one person from among themselves to serve as chair. When the meeting is called by a person outside of the Board of Directors, the convener shall preside as the chair, and when there are two or more conveners, a person among them shall be elected to preside as the chair.

Article 12-2: Resolutions made during the shareholders' meeting shall be recorded in the meeting minutes, containing full information of the year, month, day, place of the meeting, the full name of the chair, the model adopted for resolutions, and a summary of the deliberations and their results. The meeting minutes shall be signed and sealed by the chair of the shareholders' meeting, then distributed to each shareholder within 20 days after the meeting and retained for the duration of the existence of the Company. The distribution of the meeting minutes mentioned above shall be handled in accordance with the Company Act.

A copy of the attendance book and the letters of proxy appointment for the shareholders' meeting shall be kept for a period of at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the documents shall be kept until the termination of the lawsuit.

Chapter 4 Directors and the Audit Committee

Article 13: The Company shall appoint 9 to 15 Directors for a term of three years. They shall be elected among persons of adequate capacity by the shareholders' meeting and may be re-elected for consecutive terms. The number of Directors to be appointed shall be determined by the Board of Directors. Among them, there shall be at least two independent Directors and not less than one-fifth of the total number of Directors seats.

The Company's election of Directors follows the candidate nomination system provided in Article 192-1 of the Company Act. The shareholders shall elect Directors from the list of director candidates.

Following the public offering of the Company's shares, the total shareholding of all Directors shall be determined by regulations of the competent authority of securities.

Article 13-1: When the number of Directors falls short by one-third of the total number or all Independent Directors have been dismissed, the Board of Directors shall call an extraordinary general meeting within 60 days from the date of occurrence to carry out a by-election to fill the vacancies.

Article 13-2: More than half of the Company’s Directors shall not have one of the following relationships.

I. Spouse

II. Kinship within second-degree

Article 13-3: In accordance with the provisions of Articles 14-4 of the Securities and Exchange Act, the Company may set up an Audit Committee. The duties of the Supervisory Board stipulated by the Company Act, Securities and Exchange Act and other legal requirements shall be performed by the Audit Committee.

The Audit Committee shall be formed by all Independent Directors. Its number of members shall not be less than three and one of them shall be the convener and one, at least, shall have the expertise of accounting or finance.

Article 14: The Board of Directors shall be organized by Directors, and three Managing Directors may be elected among them with the attendance of more than two-thirds of all Directors and the consent of the majority of the Directors present. A Chairman and a vice-chairman shall be elected among the managing Directors in the same manner. When Managing Directors have not been appointed, a Chairman and a vice-chairman shall be elected among the Directors with two-thirds or more of all Directors in attendance and the consent of the majority of the Directors present. The Chairman shall represent the Company externally. The Board of Directors may also set up various functional committees and approve the rules and procedures for each committee.

Article 15: In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the Company Act.

Article 15-1: Directors of the Board of Directors may authorize another director to act on behalf in a Board meeting, who may then exercise his/her voting rights on all matters put forward at the meeting, but such authorization is limited to one person only.

Article 16: When the Directors of the Company perform the duties on behalf of the Company, regardless of whether the Company makes a profit or loss, the Company may compensate the Directors and authorize the Board of Directors to set a compensation standard based on the degree of their participation in and contribution to the operations of the Company within the highest standard set in the Company's Procedure for Compensation Management. If the Company operates with earnings, compensations are distributed pursuant to Article 20.

Article 16-1: The Company shall purchase liability insurance for the Directors executing their duty in their terms of office.

Chapter 5 Managers

Article 17: The Company may have several managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18: After the close of each fiscal year, the Board of Directors shall prepare the following documents for the general shareholders' meeting for acceptance: (1) the business report, (2) financial statements, and (3) proposals for surplus earning distribution or loss offsetting.

Article 19: Deleted.

Article 20: If the Company makes a profit in the year, one to eight percent of the profit shall be allocated for employee compensation and no more than five percent shall be allocated for remuneration of the Directors. But the Company shall reserve a portion of profit to make up for accumulated losses if any.

Article 21: The dividend policy of the Company is as follows:

1. 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. When such legal reserve amounts to the total paid-in capital, the Company shall not be subject to this requirement. The Company may then appropriate or reserve a certain amount as a special reserve according to Article 41 of the Securities and Exchange Act. The remaining earnings, plus the accumulated undistributed earnings, maybe appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors. When new shares are to be issued, they shall be distributed after a resolution has been submitted to the shareholders' meeting. In accordance with the Article 240, paragraph 5 of the Company Act, the Company shall authorize the Board of Directors, with the presence of more than two-thirds of the directors, with the presence of more than two-thirds of directors and a majority of directors present, to distribute all or part of the dividends and bonuses payable by way of cash and to report the same to the shareholder's meeting.

2. After taking into account of the Company's current and future development plan, investment environment, fund requirements, and domestic and international competition and the interests of shareholders, the dividend policy of the Company is to set aside no less than 10% of distributable earnings as shareholders' dividends and bonuses.

3. Notwithstanding the foregoing, when there is any reduction in shareholders' equity, the Company shall appropriate or reserve a certain amount as a special reserve prior to distribution of the earnings. Afterward, if there is any reversal of the reduced items in shareholders' equity, such reversal amount may be recorded as the profit of the current years, which shall be distributed as mentioned above.

4. If the Company has no earnings for distribution in the current year, if the amount of earnings, although available, is substantially less than the actual earnings, distributed in the previous year, or if the Company has no accumulated deficit, in considering the Company's financial, business and operating conditions, the Company may distribute all or part of the surplus in cash as ordered by law or as prescribed by the competent authority, the Board of Directors may resolve to do so in accordance with the Article 241 of the Company Act and report the same to the shareholders' meeting.

Chapter 7 Supplementary Provisions

Article 22: Matters not specified in these Articles shall be conducted in compliance with the Company Act.

Article 23: These Articles of Incorporation were established on December 12, 1989.

The 1st revision was made on April 30, 1990.

The 2nd revision was made on October 25, 1992.

The 3rd revision was made on June 28, 1993.

The 4th revision was made on October 20, 1993.

The 5th revision was made on March 20, 1997.

The 6th revision was made on October 1, 1997.

The 7th revision was made on May 5, 1998.

The 8th revision was made on July 25, 1998.

The 9th revision was made on November 23, 1998.

The 10th revision was made on June 9, 1999.

The 11th revision was made on December 21, 1999.

The 12th revision was made on June 26, 2000.

The 13th revision was made on May 27, 2002.

The 14th revision was made on November 22, 2002.

The 15th revision was made on June 2, 2003.

The 16th revision was made on June 14, 2005.

The 17th revision was made on June 13, 2007.

The 18th revision was made on June 9, 2010.

The 19th revision was made on June 18, 2012.

The 20th revision was made on June 23, 2014.

The 21st revision was made on June 16, 2016.

The 22nd revision was made on June 16, 2020.

The 23rd revision was made on August 24, 2021.

Makalot Industrial Co., Ltd.
Chairman: Chou, Li-Ping

Appendix III The Procedure of Acquisition and Disposal of Asset （Before Revision）

1. Purpose:

In order to reinforce the management of assets and full disclosure of the relative information, this procedure is duly set up.

2. Laws and Regulations Adopted:

These regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the “Regulations Governing the Acquisition and Disposal of Assets by Public Company” announced by the Financial Supervisory Commission (hereafter called FSC).

3. Applicable Scope:

The term “assets” as used in these regulations includes the following:

3.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interests in the fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.

3.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.

3.3 Membership

3.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets

3.5 right-of-use assets

3.6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables)

3.7 Derivatives

3.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law

3.9 Other major assets

4. The terms used in these Regulations are defined as follows:

4.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating, or credit index, or other 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.

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

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

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

4.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or another 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.

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

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

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

5. Procedure of Evaluation & Operation

5.1 Procedures for the acquisition or disposal of real property, equipment and right-of-use assets

5.1.1 The Company shall handle the acquisition or disposal of real property, equipment and right-of-use assets in compliance with the regulation of the Company's internal control system.

5.1.2 The Company's level of authority on the acquisition or disposal of real property, equipment, and right-of-use assets shall be handled in accordance with the regulations of the Company's "Level of Authority Act".

5.1.3 Reference basis and determination procedure of transaction conditions

5.1.3.1The acquisition or disposal of real property or right-to-use assets shall be determined by reference to the Assessed Present Value, evaluated value, actual transaction price of neighboring real property, or appraisal report issued by a professional appraiser.

5.1.3.2 Other assets shall be acquired or disposed of by price comparison, bargaining, or tender, whichever is appropriate.

5.1.4 Appraisal report for real property, equipment, or right-of-use

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital of NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1, and the reference to within one year shall be based on the date of occurrence of this transaction and shall be projected one year backward, and the portion of the professional estimation report or accountant's opinion already obtained in accordance with the provisions of this procedure shall not be counted again.

5.1.4.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

5.1.4.2 Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

5.1.4.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

5.1.4.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

5.1.4.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

5.1.4.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

5.2 The investment procedure to acquire or dispose securities

5.2.1 The Company shall handle the acquisition or disposal of securities investment in compliance with the regulation of the Company’s internal control system.

5.2.2 The Company’s level of authority on acquisition or disposal of securities investment shall be handled in accordance with the regulations of the Company’s “Level of Authority Act”.

5.2.3 Reference basis and determination procedure of transaction conditions

5.2.3.1 The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statement of the issuing company for the most recent period, certified public accountant, for reference in appraising the transaction price.

5.2.3.2 When the Company is to acquire or dispose of shares or convertible bonds traded on the centralized securities exchange market or over-the-counter (OTC), the price of the shares or bonds is determined by the prevailing price.

5.2.3.3 The acquisition or disposal of bonds not traded on the centralized securities exchange market or over-the-counter (OTC) should be determined with reference to the prevailing market interest rate, the coupon rate of the bonds, and the debtor's creditworthiness.

5.2.4 When the Company acquires or disposes of securities, unless the securities are publicly quoted in an active market or unless otherwise specified by the FSC, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital of NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted.

5.3 The procedure of transaction with related parties

5.3.1 When intending to acquire or dispose of assets thereof from or to a related party, the Company shall handle the resolution procedure and evaluate the appropriateness of transaction conditions in accordance with the previous paragraphs 5.1 to 5.4; and the transaction amount reaches 10 percent or more of the company's total assets, the professional appraisal report or accountant's opinion obtained in accordance with the paragraph 5.1、5.2 and 5.4. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction. and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

5.3.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the transaction that has been submitted to the Audit Committee, the Board of Directors, and the shareholders' meeting for approval in accordance with the provisions of these Procedures shall not be counted again.

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

5.3.2.2 The reason for choosing the related party as a transaction counterparty.

5.3.2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraphs 5.3.3 and 5.3.4.

5.3.2.4 The date and price at which the related party originally acquire the real property, the original transaction counterparty, and that transaction counterparty’s relationship to the Company and the related party.

5.3.2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the capital utilization.

5.3.2.6 An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with the preceding paragraph 5.3.1.

5.3.2.7 Restrictive covenants and other important stipulations associated with the transaction.

5.3.3 Evaluation of the reasonableness of the transaction costs

5.3.3.1 The Company that acquires real property or tight-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

5.3.3.1.1 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.

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

5.3.3.2 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph 5.3.3.1.

5.3.3.3 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph 5.3.3.1 and 5.3.3.2 shall also engage a CPA to check the appraisal and render a specific opinion.

5.3.3.4Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding paragraph 5.3.2, and the preceding paragraph 5.3.3.1、5.3.3.2 and 5.3.3.3 do not apply:

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

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

5.3.3.4.3 The real property is acquired through the 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.

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

5.3.4 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding paragraphs 5.3.3.1 and 5.3.3.2 are uniformly lower than the transaction price:

5.3.4.1 The following steps shall be taken:

5.3.4.1.1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and appraised cost, and may not be distributed or used for a capital increase of issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company.

5.3.4.1.2 The independent directors of the audit committee shall handle the procedure in accordance with Article 218 of the Company Act.

5.3.4.1.3 The handling status of 5.3.4.1.1 and 5.3.4.1.2 shall be reported in the shareholders' meeting and all details shall be disclosed in the annual book and statutory prospectus.

5.3.4.2 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 has been obtained, the restriction of the preceding paragraph 5.3.4.1 shall not apply:

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

5.3.4.2.1.1 Where undeveloped land is appraised in accordance with the means in the preceding paragraph, the structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The Reasonable Construction Profit shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

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

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

5.3.4.2.3 Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refer to the year preceding the date of occurrence of the acquisition of the real property or right-of-use assets thereof.

5.3.4.3 The Company that has set aside a special reserve under the preceding paragraph 5.4.4.1 may not utilize the special reserve until it has recognized a loss on a decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

5.3.4.4 When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding paragraphs 5.3.4.1 and 5.3.4.3, if there is other evidence indicating that the acquisition was not an arms-length transaction.

5.3.5 Authorized Quota

5.3.5.1 With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to the preceding paragraph 5.3.1 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

5.3.5.1.1 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

5.3.5.1.2 Acquisition or disposal of real property right-of-use assets held for business use.

5.4 The procedure to acquire or disposes of intangible assets or right-of-use assets or memberships or other major assets

5.4.1 The Company shall handle the acquisition or disposal of intangible assets, right-of-use assets or membership, or other important assets in compliance with the regulation of the Company's internal control system.

5.4.2 The Company's level of authority on acquisition or disposal of intangible assets, right-of-use assets or membership, or other important assets shall be handled in accordance with the regulations of the Company's "Level of Authority Act"

5.4.3 The professional appraisal report for intangible assets or memberships

Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount has reached 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the aforementioned transaction amount shall be in accordance with 6.1.4.1. The term "within one year" refers to a period of one year retroactive to the date of occurrence of the transaction, and the portion of the professional appraisal report or accountant's opinion obtained in accordance with the provisions of these Procedures shall not be counted.

5.5 The procedure of acquiring and disposing the derivatives assets

5.5.1 Trading principles and strategies

5.5.1.1 Trading type

The trading types of derivatives: include the Forward、Option、Future、Swap contracts generated from assets、interest rate、exchange rate、index or other beneficiary targets and compound-complex contracts from financial combination products.

5.5.1.2 Operating or hedging strategies

The Company engages in derivative transactions mainly for "hedging" purposes and supplementally for "non-hedging" purposes; hedging transactions include (1) hedging of assets and liabilities already held, (2) hedging of unrecognized firm commitments or anticipated transactions and (3) hedging of net investments in foreign operating institutions.

5.5.1.3 Segregation of duties

5.5.1.3.1 Duties of board of directors

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

5.5.1.3.1.2 Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk is undertaken within the company's permitted scope of tolerance.

5.5.1.3.2 Duties of senior management personnel authorized by the board of directors

5.5.1.3.2.1 Periodically evaluate the are appropriate and are faithfully conducted in accordance with these regulations and the procedures for engaging in derivatives trading formulated by the Company.

5.5.1.3.2.2 Whether the risk is undertaken within the company's permitted scope of tolerance or any irregular circumstances of market price report (ex.: The holding position has exceeded the loss limit.) and appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

5.5.1.3.3 The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivates trading in accordance with its Procedures for Engaging in Derivatives Trading.

5.5.1.4 Performance Evaluation

5.5.1.4.1 Hedging transaction

The performance of the hedge is measured by the sum of the following two factors.

(1) Foreign exchange gains and losses arising from the liabilities of risk assets of foreign currency among the hedged entity in the current period.

(2) Profit and loss of hedging derivatives trading

5.5.1.4.2 Non hedging transaction

Its profit and loss treatment must conform to the spirit of International Financial Reporting Standards (IFRSs) approved by the FSC, and unrealized gains and losses must be evaluated at market prices for risk, and the parts and gains must be reported regularly for management's reference.

5.5.1.5 Defining the total contract amount and loss limit

5.5.1.5.1 Total contract amount of hedging transaction and loss limits

The total amount of the Company's overall hedging contracts is limited to the net portion of the receivables and the payables or limited to the net part of the offsetting assets and liabilities. All the mentioned are arising from the Company's business for the next six months. The loss on individual contracts is 20% of the contract amount; the loss on all contracts is 20% of the total contract amount.

5.5.1.5.2 Total contract amount of non-hedging transactions and loss limits.

The total amount of the Company's outstanding non-hedging contracts shall not exceed 20% of the Company's net worth. Losses on individual contracts and on all contracts are limited to 10% of the amount of each contract.

5.5.2 Operation procedure

5.5.2.1 Transaction operation procedure

5.5.2.1.1 After the transaction, the trader of derivatives should fill out the "Transaction Detail Form" and submit it to the confirming officer for confirmation, and submit it to the authority manager for approval.

5.5.2.1.2 After approving the transaction, the confirming officer should forward the "Transaction Detail Form" to the accounting officer for the accounting operation.

5.5.2.1.3 The confirming officer will receive two copies of the confirmation letter from the bank and return one copy to the bank after checking for accuracy and keep the other copy as a record.

5.5.2.1.4 After the transaction is settled, the transaction settlement person shall submit the transaction certificate received from the bank and the "internal payment notice" or "statement of account" to the confirming officer to confirm the settlement and submit it to the authority manager for approval.

5.5.2.1.5 The confirming officer will submit the approved transaction certificate and "Internal Payment Notice" or "Statement of Account" to the accounting officer for the accounting operation.

5.5.2.2 Authorization quota and level

5.5.2.2.1

Transaction Person	Net Accumulated Trading Privilege
Chairman	USD 160 million
Div. President/ CFO	USD 100 million
Chief of financial dept.	USD 60 million

In the financial department, any other person having the right to the transaction shall be hierarchically authorized by the chairman within the authorization limitation of the financial department.

5.5.2.2.2 If the daily transaction amount or non-charged off potion is beyond the limit of authorization, the transaction can be done after reporting to the qualified person who has the authorization limit.

5.5.2.3 The Company engaging in derivatives trading shall establish a logbook in which details of the types and amounts of derivatives trading engaged in, board of director approval dates, and the matters required to be carefully evaluated under the paragraph 5.5.6 shall be recorded in detail in the logbook.

5.5.3 Accounting principle and procedure

The accounting principles and procedures for the Company's derivative transactions shall be in accordance with International Financial Reporting Standards (IFRSs), " Regulations Governing the Preparation of Financial Reports by Securities Issuers" and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as approved by the FSC.

5.5.4 Internal control and risk management

5.5.4.1 Standard operation procedure and operational risk management

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

5.5.4.1.2 Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding paragraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

5.5.4.2 Credit risk management

Since the market is subject to changes in various factors, which may result in the risk of derivative operations, market risk management shall be conducted in accordance with the following principles:

5.5.4.2.1 The Company's counterparties shall be the local financial institutions and the local branches of foreign financial institutions that have been legally established by the competent authorities in Taiwan and are able to provide professional information.

5.5.4.2.2 The commodities to be traded are limited to those that have been approved for trading by the competent authorities of our country.

5.5.4.3 Market risk management

Due to market price fluctuations, the potential loss is uncertain, and the stop-loss point should be strictly observed after the derivatives position is established. The risk measurement, monitoring and control personnel are required to regularly evaluate and measure the price risk of the outstanding positions and prepare a risk and profit and loss assessment report to the board of directors.

5.5.4.4 Liquidity Risk Management

5.5.4.4.1 In order to ensure the liquidity of trading, we choose banks with high liquidity (i.e., means that they can be rolled over in the market at any time) and choose banks with high trading volume and strong quoting power.

5.5.4.4.2 Cash settlement risk

The Company's cash deployment needs to maintain a high degree of liquidity to ensure proper cash settlement and payment.

5.5.4.4.3 Legal risk management

The documents signed with the bank should be inspected by the specialized staff of foreign exchange and legal affairs before they are formally signed to avoid legal risks.

5.5.5 Internal audit system

5.5.5.1 Internal auditors shall periodically review the appropriateness of internal controls over derivative transactions, and check the trading department's compliance with the procedures for handling derivative transactions on a monthly basis, analyze the transaction cycle, and prepare an audit report if significant violations are found, the Audit Committee shall be notified in writing.

5.5.5.2 The internal auditor shall submit the audit report together with the annual audit of internal audit operations to the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter referred to as the "SFB") by the end of February of the following year, and report the improvement of irregularities to the SFB for examination by the end of May of the following year.

5.5.6 Periodical evaluation method

5.5.6.1 The senior management authorized by the board of directors shall periodically evaluate whether derivatives trading is consistent with the established operational procedure of the Company and whether the risk is undertaken within the Company's permitted scope of tolerance. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.

5.5.6.2 Derivatives trading positions held shall be evaluated at least once per week by the transaction department; however, positions for hedge trades required by the business shall be evaluated at least twice per month. Periodical evaluation reports shall be submitted to senior management personnel authorized by the board of directors in order to review and improve the operation strategy.

5.6 Procedure of handling mergers and consolidations, splits, acquisitions, and assignment of share

5.6.1 Evaluation and operation procedure

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

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

5.6.1.3 Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, 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.

5.6.2 Other matters

5.6.2.1 Meeting date

5.6.2.1.1 The companies participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

5.6.2.2 Prior confidentiality pledge:

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

5.6.2.3 Principles for determining and changing the share exchange ratio or acquisition price

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

5.6.2.3.1 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.

5.6.2.3.2 An action, such as disposal of major assets, that affects the Company's financial and business operations.

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

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

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

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

5.6.2.4 Content shall be stipulated in the contract

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

5.6.2.4.1 Handling of breach of contract

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

5.6.2.4.3 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.

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

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

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

5.6.2.5 Company number changed for those participating in the merger, demerger, acquisition, or share transfer

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

5.6.2.6 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the paragraphs 5.6.2.1、5.6.2.2、5.6.2.5、5.6.2.7、5.6.2.8 and 5.6.2.9.

5.6.2.7 If the Company participates in a merger, demerger, acquisition, or transfer of shares, the Company shall make complete documentary records of the following information and keep the records for five years for inspection.

5.6.2.7.1 Basic personnel information: including the title, name, and ID number (or passport number in the case of foreign nationals) of all persons involved in the merger, demerger, acquisition, or share transfer plan or its implementation prior to the disclosure of the information.

5.6.2.7.2 Date of major events: including the date of signing a letter of intent or memorandum of understanding, appointing financial or legal advisors, signing a deed and board of directors' meeting, etc.

5.6.2.7.3 Important documents and minutes: including merger, demerger, acquisition or share transfer plans, letters or memoranda of intent, material contracts and minutes of board meetings.

5.6.2.8 If the Company participates in a merger, demerger, acquisition or transfer of shares, the Company shall report 5.6.2.7.1 and 5.6.2.7.2 to the FSC in the prescribed form via the Internet information system within two days from the date of the Board of Directors' resolution.

5.6.2.9 If any company involved in a merger, demerger, acquisition or transfer of shares is not a listed company or a company whose shares are traded on the stock exchange, the Company shall enter into an agreement with such company and follow the paragraphs of 5.6.2.7 and 5.6.2.8.

5.7 Procedures for acquiring or disposing of debts of financial institutions

6. Procedure of public announcement and report

6.1 Criteria of public announcement and report

6.1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

6.1.2 Merger, demerger, acquisition, or transfer of shares.

6.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

6.1.4 Where an asset transaction other than any of those referred to in the preceding paragraphs 6.1.1 and 6.1.3, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital of NT$300 million; provided that the calculation is based on the paragraph 6.1.4.3, this shall not apply to the following circumstances:

6.1.4.1 The number of transactions above shall be calculated as follows:

6.1.4.1.1 The sum of each individual transaction

6.1.4.1.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

6.1.4.1.3 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.

6.1.4.1.4 The cumulative transaction amount of acquisitions and disposals (acquisitions and disposals, separately) of marketable securities within the preceding year.

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

6.1.4.3 Exception

6.1.4.3.1 Trading of domestic bonds

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

6.1.4.3.3 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 reaches NT$500 million or more.

6.1.4.3.4 Where land is acquired under an arrangement of engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million.

6.2 Time limit for making announcements and declarations

6.2.1 If the Company acquires or disposes of assets, and the transaction items and amounts meet the requirements for announcement and reporting under this procedure, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

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

6.2.3 Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

6.2.3.1 Change, termination, or rescission of a contract signed in regard to the original transaction.

6.2.3.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

6.2.3.3 Change to the originally publicly announced and reported information.

6.3 Announcement Format

The reporting unit should go to the Market Observation Post System to download the latest format prescribed by the competent authority at the time of filing.

7. Investment Range and Amount

7.1 The limit and gross amount of real estate, right-to-use assets or marketable securities acquired for non-business use, and the limits & amount of individual marketable securities, respectively, are as follows:

7.1.1 The gross amount of real estate and its right-to-use assets which is not for business use shall not exceed 50% of the Company's shareholders' equity.

7.1.2 The total amount of long and short-term' security investments shall not exceed 150% of the Company's stockholders' equity.

7.1.3 The total amount of individual security investment shall not exceed 100% of the Company's stockholders' equity.

7.2 In addition to acquiring property and right-to-use assets for business use, subsidiaries may also invest in real estate and right-to-use assets or marketable securities that are not for business use, but are subject to the following limits:

7.2.1 The gross amount of real estate and its right-to-use assets which are not for business use shall not exceed 100% of the subsidiaries' shareholders' equity.

7.2.2 The total amount of long and marketable security investments shall not exceed 100% of the subsidiaries' shareholders' equity.

7.2.3 The total amount of individual security investment shall not exceed 50% of the subsidiaries' shareholders' equity.

7.3 Both the Company and those companies that the Company's shareholding, whichever the holding way, is more than 50% shall not invest more than 20% of their respective net worth into the listed companies.

7.4 Limitation on the Company's short term investment sum

7.4.1 The sum of strategic investment on marketable securities shall be not beyond 5% of the Company's net value.

7.4.2 The sum of operational investment on marketable securities shall be not beyond 20% of the Company's net value.

7.4.3 The gross sum of operational and strategic investment on marketable securities shall be not beyond 20% of the Company's net value.

7.5 Investment authorization

7.5.1 Investment authorization for long-term investments is subject to the authorization of the board of directors, and those exceeding the authorized amount must be approved by the board of directors.

7.5.2 Short-term investment authorization

7.5.2.1 Strategic investment in marketable securities: The authorization is subject to the authorization of the board of directors, and those exceeding the authorized amount must be approved by the board of directors

7.5.2.2 Operational investment on marketable securities: This is for the demand of operation capital and it shall be subject to the limit of paragraph 7.4 and shall be handled by the financial department within the authorization amount from the CEO.

8. Governance of subsidiaries

8.1 The subsidiaries shall establish their "Procedures Governing the Acquisition and Disposal of Assets" in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". After the procedures have been approved by the board of directors, they shall be submitted to each auditor, 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 each supervisor.

8.2 Subsidiaries' announcement and report

8.2.1 If the subsidiaries are not public companies, the Company shall make the relative announcement and report for the subsidiaries whenever their acquisition and disposal of assets meet the requirement of announcement and report in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

8.2.2 The regulation listed as "paid-in capital or total assets" in the announcement and report standards of subsidiaries is based on the paid-in capital or total assets of the Company.

9. Penalty

Any employee of the Company who undertakes the procedure of acquisition and disposal of assets shall be reported for examination in accordance with the Company's work rules and shall be punished according to the severity of the case if he/she violates the provisions of this handling procedure.

10. Other major matters

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

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

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

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

10.2 When the aforementioned personnel issue the appraise report or opinions, it shall meet the following requirements:

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

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

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

10.2.4 The statements shall attest to the person who owns the professional competence and independence and they have evaluated that the information used is reasonable, accurate, and in accordance with applicable laws and regulations.

10.3 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 knowledge of such error or omission.

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

10.5 The Company shall establish this handling procedure in accordance with the provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”. After the procedures have been approved by the board of directors, they shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.

10.6 The Company has established the audit committee to set or revise the procedures for the acquisition and disposal of assets & derivatives transactions which shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

10.7 The Company has set independent directors. When the handling procedure and the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

10.8 The terms "all audit committee members" and "all directors" in paragraph 10.6 shall be counted as the actual number of persons currently holding those positions.

10.9 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.

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

11. Date of implementation

Approved in the shareholders’ meeting on June 2, 2003

Approved in the shareholders’ meeting on June 15, 2004

Approved in the shareholders’ meeting on June 14, 2005

Approved in the shareholders’ meeting on June 13, 2007

Approved in the shareholders’ meeting on June 18, 2012

Approved in the shareholders’ meeting on June 13, 2013

Approved in the shareholders’ meeting on June 23, 2014

Approved in the shareholders’ meeting on June 19, 2017

Approved in the shareholders’ meeting on June 18, 2019

Appendix IV Shareholdings of All Directors

Makalot Industrial Co., Ltd.
Shareholdings of All Directors

1. The Company's paid-in capital is NT$2,418,565,810 and the shares issued are 241,856,581 shares.

2. In accordance with the "Rules and Review Procedure for Directors Share Ownership Ratio at Public Companies", the minimum number of directors' shareholdings shall be 12,000,000 shares.

Apr. 17, 2022

Title	Name	Shareholdings	Ratio	Remark
Chairman & President	Chou, Li-Ping	6,831,415	2.82%	
Director	Lin, Hsien Chang	202,666	0.08%	
Director	Huang, Hung-Jen	2,896,131	1.20%	
Director	Wang, Chien	3,075,723	1.27%	
Director	Ho, Huang-Ching	1,426,130	0.59%	
Director	Chou, Chiu-Ling	449,825	0.19%	
Director	Liu, Shuang-Chuang	4,047,342	1.67%	
Director	Lin, Yu-Ya	26,513	0.01%	
Director	Chen, Ku-Lung	1,621,286	0.67%	
Director	Chou, Hsin-Peng	2,575,613	1.06%	
Director	Sung, Pei-Feng	354,626	0.15%	
Director	Huang, Yu-Ching	353,633	0.15%	
Independent Director	Chung, Ling-I	0	0.00%	
Independent Director	Su, Yu-Hui	0	0.00%	
Independent Director	Yang, Si-Wei	0	0.00%	
Total shareholding of all directors		**23,860,903**	**9.86%**	