Stock Code: 1521

# TA YIH INDUSTRIAL CO., LTD.

# 2022 Annual Shareholders' Meeting

# Meeting Agenda

(Translation)

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

Location：An Ping Industrial Park Service Center (3F , No. 67, Sec. 1, Zhonghua W Rd., Tainan City)

(Physical Shareholders Meeting)

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Ta Yih Industrial Co., Ltd.

2022 Annual Shareholders' Meeting

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# Ta Yih Industrial Co., Ltd.

## 2022 Annual Shareholders' Meeting
## Meeting Agenda

1. Time: 9:00 a.m., 21 June 2022 (Tuesday)
   Location: Conference Room on 3F, An Ping Industrial Park Service Center (No. 67, Sec. 1, Zhonghua W Rd., Tainan City)

   The number of shares hold by the shareholders present is reported and the chair declares the meeting open.

2. Speech by Chair

3. Report Items
   (1) To report the business of 2021
   (2) Audit Committee's review report of 2021
   (3) To report 2021 employees' profit sharing

4. Proposed Resolutions
   (1) To accept 2021 Business Report and Financial Statements
   (2) To accept 2021 earnings distribution

5. Discussion Items
   To discuss the amendment to the Company's "Handling Procedure for Acquisition or Disposal of Assets".

6. Questions and Motions

7. Adjournment

# Agenda

1. The number of shares hold by the shareholders present is reported and the chair declares the meeting open.

2. Speech by Chair

3. Report Items

Motion 1

Subject：To report the business of 2021.

Explanation：The business report has been attached. (Please refer to pages 5～7 of the meeting agenda.)

Motion 2

Subject：Audit Committee's review report of 2021.

Explanation：Audit Committee's review report has been attached. (Please refer to page 8 of the meeting agenda.)

Motion 3

Subject：To report 2021 employees' profit sharing.

Explanation：1. Subject to Article 30-1 of the Articles of Incorporation, the Company shall set aside no less than 1% of its profit to be the employees' remuneration if there is any profit in the current year, and the remuneration shall be distributed in the form of stocks or cash. However, in case of any accumulated loss of the Company, an amount shall be retained in advance to make up the loss before the employees' remuneration is set aside at the percentage mentioned above. The distribution of employees' remuneration shall be reported at the annual shareholders' meeting.

2. The board of directors of the Company resolved on Mar. 25, 2022 to set aside 1% of the profit to be the employees' remuneration. The total amount of employees' remuneration was NT$884,257 and was fully distributed in cash.

4. Proposed Resolutions

Motion 1 (Proposed by the board of directors)

Subject：To accept 2021 Business Report and Financial Statements.

Explanation：1. The Company's financial statements and business report of 2021 are approved by the resolution of its board of directors.

2. The aforementioned financial statements have been audited and certified by Li Chi-Chen and Yang Chao-Chin, CPAs of Deloitte Taiwan, and have been submitted, together with the business report, to and audited by Audit Committee. Please recognize. (Please refer to pages 5～7 and 9～28 of the meeting agenda.)

Resolution：

Motion 2 (Proposed by the board of directors)

Subject：To accept 2021 earnings distribution.

Explanation：1. The Company's earning distribution of 2021has been approved by the board of directors and audited by Audit Committee. Please recognize. (Please refer to page 29 of the meeting agenda.)

2. In addition to the legal reserve in an amount of NT$7,463,065 proposed by the board of directors, the cash dividends NT$0.6 per share are also distributed. The total amount of distributed cash dividends is NT$45,738,000.

3. The amount of cash dividends to be distributed this time is sounded down to an integer, and the total of fractional amounts is included into other incomes of the Company.

4. For the distribution of cash dividends, the board of directors is authorized to determine the record date and the date of cash dividend distribution.

Resolution：

5. Discussion Items

(Proposed by the board of directors)

Subject：To discuss the amendment to partial articles of the Company's "Handling Procedure for Acquisition or Disposal of Assets".

Explanation：Following amendments to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", amendment to partial articles of the Company's "Handling Procedure for Acquisition or Disposal of Assets" is therefore proposed. (Please refer to page 30~35 of the meeting agenda.)

Resolution：

6. Questions and Motions

7. Adjournment

Attachment 1.

# Ta Yih Industrial Co., Ltd.
# Business Report

I. Business Report of 2021：

(1) Business Result：

Due to the impact of the Covid-19 pandemic , the global transportation is blocked ,the net operating revenue of 2021 was NT$4,992,142 thousand. It was NT$194,977 thousand more than that of 2020, which was NT$4,797,165 thousand. The pre-tax income of 2021 was NT$87,541 thousand. It decreased by NT$91,088 thousand, compared with that of 2020, which was NT$178,629 thousand.

(2) Comparison table for net operating revenue and net income after tax of 2021 and 2020：

Unit: NT$1,000

| Year | 2021 | 2020 | Amount increasing / decreasing | Increase / Decrease % |
|---|---|---|---|---|
| Net operating revenue | 4,992,142 | 4,797,165 | (+) 194,977 | (+) 4.1 |
| Net operating income | 127,211 | 186,734 | (−) 59,523 | (−) 31.9 |
| Pre-tax income | 87,541 | 178,629 | (−) 91,088 | (−) 51.0 |
| Net income after tax | 82,524 | 159,750 | (−) 77,226 | (−) 48.3 |
| EPS after tax (NTD/share) | 1.08 | 2.10 | (−) 1.02 | (−) 48.6 |

(3) The net income after tax of 2021 was NT$82,524 thousand and EPS was NT$1.08. The profit margin was 1.65%. The return on assets and the return on equity were 2.41% and 4.72% respectively.

II. Overview of Business Plan of 2022：

(1) Business Strategy

1. Satisfying customer needs and generating values as an enterprise.
2. Pursuit of optimal cost equilibrium and strengthening design and development.
3. Building plants with automation feature to pursue optimized inventory management.
4. Fortifying quality awareness and eradicating defects.
5. Perfecting talent incubation and cultivating successor echelons.
6. Caring for employee health, attention to environmental protection, and feedback to society.

(2) Expected Sales Volume and Ground for the Expectation

1.Expected sales volume：About 450 ~ 460 thousand automobiles to be sold domestically.

2.Ground：As planned based on the plan of the plant.

(3) Important Production and Marketing Policies

1.Secure orders to be placed by domestic customers for automobiles and expand the market of motorcycles progressively.

2.Strive for orders for car lights and molds to be placed by Koito Group.

3. Promote post-supplement production system TPS (Toyota Production System), TPM (Total Productive Management) planned maintenance and self-maintenance activities to build a zero waste production management system.

4. Continue to improve energy conservation, waste reduction, pollution prevention, etc., and ensure that restricted substances harmful to the environment are not used in the design and manufacturing process.

III. Future Corporate Development Strategies：

(1) Enhance added value for products and strive to get orders of products from domestic customs to increase the sales figures.

(2) Introduce new information technology and, through information system improvement, enhance operation efficiency and information security.

(3) Implement the resource and energy management mechanism as well as sustainable use of resources to gradually root the concept of green environmental protection in the planning and manufacturing of products.

IV. Influence of External Competition, Legal Requirements and Overall Business Environment：

Looking back in 2021, the global automotive industry remained in slump as impacted by the pandemic. The influences by the pandemic in 2020 proceeded in this year at the aspects of deficiency in automotive chips, shortage of materials in production lines, rising raw material prices, disturbance in schedules and price increases with regards to global shipments coupled with the appreciation of New Taiwan Dollar, ultimately led to negative impacts to the Company’s performance in 2021.

Prospecting the year 2022, due to the expected increase in the price of domestically produced cars, extension of excise tax subsidy policy that stimulate consumers to purchase a car in advance and replacement of old cars, and the projected recovery of our major export market in the Middle East, the annual sales volume of Taiwan's automobiles is estimated to be 450~460 thousand vehicles. In terms of export sales, the Company will continue to develop new customers in the North American market in addition to contending for overseas orders from the Koito Group, meanwhile actively launching new technologies to domestic and foreign customers so as to gain more orders of lamps for new car models and their molds. Furthermore, the Company has taken various cost rationalization improvement to improve production efficiency and reduce production costs.

In the coming future, the Company will implement an austere corporate governance, promote sustainable development, fulfill corporate social responsibility and invest in research and development consistently. In addition, with the corporate philosophy of sincerity and sustainable development, the Company, supported by all shareholders like you and mutual struggle in full force by employees in solidarity, guarantees its stable growth and will create reasonable profits and values for shareholders, employees and the society. We hope that all of you as shareholders can support, encourage and direct us as usual.

We wish you, ladies and gentlemen, good heath and the best of luck.

Ta Yih Industrial Co., Ltd.

Chairman：Wu Chun-I

Manager：Feng Shih-Chung

Accounting Manager：Wang Hung-Chi

Attachment 2.

# Ta Yih Industrial Co., Ltd.

## Audit Committee's review report

The financial statements of 2021 (including the consolidated financial statements) prepared by the board of directors have been certified by Li Chi-Chen and Yang Chao-Chin, CPAs of Deloitte Taiwan. We have audited these statements as well as the business report and the statement of earning distribution, and believe that they are prepared in accordance with applicable laws. Therefore, we hereby submit these documents for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

This is submitted to

Annual Shareholders' Meeting of Ta Yih Industrial Co., Ltd. in 2022

Ta Yih Industrial Co., Ltd.

Convenor of Audit Committee：Wu Wan-I

Mar. 25, 2022

Attachment 3.

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders
Ta Yih Industrial Co., Ltd.

**Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Sales Revenue

The operating revenue of Ta Yih Industrial Co., Ltd. and its subsidiaries mainly comes from the sale of automobile and locomotive lamps. As revenue from a particular customer changed significantly from the previous year, and as auditing standards suggest that revenue has inherent risks, we have identified the validity of revenue from the particular customer as a key audit matter. For the accounting policies related to operating revenue, refer to Note 4 to the consolidated financial statements.

Our main audit procedures performed in respect of the above-mentioned key audit matter are as follows:

1. We understood the internal controls related to revenue recognition and tested the operating effectiveness of the controls.

2. We performed substantive tests on sales revenue, checked the customer's delivery records and other transaction vouchers and bank collection records, and checked that the counterparty of the sales transactions is the same as the counterparty making payment, and that the sales transactions actually occurred.

**Other Matter**

We have also audited the standalone financial statements of Ta Yih Industrial Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2022

<u>*Notice to Readers*</u>

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

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

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)Ta Yih Industrial Co., Ltd. and Subsidiaries**

**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2021 AND 2020**
**(In Thousands of New Taiwan Dollars)**

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash (Notes 4 and 6) | $ 82,641 | 2 | $ 108,164 | 3 |
| Notes receivable (Notes 4 and 7) | 14,256 | - | 2,116 | - |
| Accounts receivable (Notes 4, 7 and 20) | 706,917 | 21 | 763,064 | 21 |
| Accounts receivable from related parties (Notes 4, 7, 20 and 27) | 63,689 | 2 | 239,878 | 6 |
| Other receivables (Notes 4 and 7) | 2,291 | - | 2,320 | - |
| Other receivables from related parties (Notes 4, 7 and 27) | 15,332 | 1 | 19,804 | - |
| Inventories (Notes 4 and 8) | 1,061,190 | 31 | 943,021 | 26 |
| Prepayments (Note 27) | 74,149 | 2 | 105,994 | 3 |
| Other current assets (Note 14) | 17,895 | 1 | 28,952 | 1 |
| Total current assets | 2,038,360 | 60 | 2,213,313 | 60 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using the equity method (Notes 4 and 10) | 271,541 | 8 | 332,286 | 9 |
| Property, plant and equipment (Notes 4, 11 and 27) | 995,638 | 29 | 1,017,826 | 28 |
| Right-of-use assets (Notes 4 and 12) | 8,166 | - | 8,334 | - |
| Intangible assets (Notes 4, 13 and 27) | 13,716 | 1 | 18,924 | 1 |
| Deferred tax assets (Notes 4 and 22) | 45,777 | 1 | 43,000 | 1 |
| Other non-current assets (Notes 4, 14 and 27) | 21,265 | 1 | 36,093 | 1 |
| Total non-current assets | 1,356,103 | 40 | 1,456,463 | 40 |
| TOTAL | $ 3,394,463 | 100 | $ 3,669,776 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 15) | $ 375,830 | 11 | $ 342,400 | 9 |
| Short-term bills payable (Note 15) | 90,000 | 3 | - | - |
| Contract liabilities - current (Notes 4, 20 and 27) | 53,953 | 2 | 158,868 | 4 |
| Note payable (Note 16) | 84,738 | 2 | 95,488 | 3 |
| Accounts payable (Note 16) | 527,055 | 16 | 716,314 | 19 |
| Accounts payable to related parties (Notes 16 and 27) | 68,820 | 2 | 71,045 | 2 |
| Other payables (Note 17) | 171,840 | 5 | 203,852 | 6 |
| Other payables to related parties (Notes 17 and 27) | 50,016 | 1 | 66,352 | 2 |
| Current tax liabilities (Notes 4 and 22) | 55,122 | 2 | 64,112 | 2 |
| Lease liabilities - current (Notes 4 and 12) | 4,527 | - | 4,508 | - |
| Other current liabilities (Note 17) | 427 | - | 623 | - |
| Total current liabilities | 1,482,328 | 44 | 1,723,562 | 47 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 22) | 92,342 | 3 | 104,158 | 3 |
| Lease liabilities - non-current (Notes 4 and 12) | 3,713 | - | 3,905 | - |
| Net defined benefit liabilities (Notes 4 and 18) | 78,730 | 2 | 75,056 | 2 |
| Other non-current liabilities (Note 17) | 2,845 | - | 2,766 | - |
| Total non-current liabilities | 177,630 | 5 | 185,885 | 5 |
| Total liabilities | 1,659,958 | 49 | 1,909,447 | 52 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19) | | | | |
| Ordinary shares | 762,300 | 22 | 762,300 | 21 |
| Capital surplus | 60,924 | 2 | 60,832 | 2 |
| Retained earnings | | | | |
| Legal reserve | 667,215 | 20 | 651,251 | 17 |
| Special reserve | 68,264 | 2 | 68,264 | 2 |
| Unappropriated earnings | 214,713 | 6 | 255,145 | 7 |
| Total retained earnings | 950,192 | 28 | 974,660 | 26 |
| Other equity | (38,911) | (1) | (37,463) | (1) |
| Total equity attributable to owners of the Company | 1,734,505 | 51 | 1,760,329 | 48 |
| TOTAL | $ 3,394,463 | 100 | $ 3,669,776 | 100 |

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

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd. and Subsidiaries

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 20 and 27) | $ 4,992,142 | 100 | $ 4,797,165 | 100 |
| OPERATING COSTS (Notes 8, 18, 21 and 27) | 4,350,801 | 87 | 4,125,419 | 86 |
| GROSS PROFIT | 641,341 | 13 | 671,746 | 14 |
| UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | (2,200) | - | (1,327) | - |
| REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | 2,645 | - | 3,115 | - |
| REALIZED GROSS PROFIT | 641,786 | 13 | 673,534 | 14 |
| OPERATING EXPENSES (Notes 7, 18, 21 and 27) | | | | |
| Selling and marketing expenses | 224,238 | 5 | 159,570 | 3 |
| General and administrative expenses | 134,269 | 3 | 147,240 | 3 |
| Research and development expenses | 154,030 | 3 | 178,836 | 4 |
| Expected credit loss | 2,038 | - | 1,154 | - |
| Total operating expenses | 514,575 | 11 | 486,800 | 10 |
| PROFIT FROM OPERATIONS | 127,211 | 2 | 186,734 | 4 |
| NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27) | | | | |
| Interest income | 100 | - | 173 | - |
| Other income | 59,041 | 1 | 104,697 | 2 |
| Other gains and losses | (39,408) | (1) | (45,347) | (1) |
| Share of profit or loss of associates | (59,403) | (1) | (67,628) | (1) |
| Total non-operating income and expenses | (39,670) | (1) | (8,105) | - |
| PROFIT BEFORE INCOME TAX | 87,541 | 1 | 178,629 | 4 |
| INCOME TAX EXPENSE (Notes 4 and 22) | 5,017 | - | 18,879 | 1 |
| NET PROFIT FOR THE YEAR | 82,524 | 1 | 159,750 | 3 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 18) | (9,866) | - | (138) | - |

(Continued)

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd. and Subsidiaries

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22) | $ 1,973 | - | $ 27 | - |
| | (7,893) | - | (111) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | (1,810) | - | 4,866 | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 22) | 362 | - | (969) | - |
| | (1,448) | - | 3,897 | - |
| Other comprehensive income (loss) for the year, net of income tax | (9,341) | - | 3,786 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 73,183 | 1 | $ 163,536 | 3 |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 82,524 | 2 | $ 159,750 | 3 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 73,183 | 1 | $ 163,536 | 3 |
| EARNINGS PER SHARE (New Taiwan dollars, Note 23) | | | | |
| Basic | $ 1.08 | | $ 2.10 | |
| Diluted | $ 1.08 | | $ 2.09 | |

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

(Concluded)

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

## Ta Yih Industrial Co., Ltd. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**
**(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

| | Share Capital | | | Retained Earnings | | | Other Equity | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Total Equity |
| BALANCE AT JANUARY 1, 2020 | 76,230 | $ 762,300 | $ 60,736 | $ 615,205 | $ 68,264 | $ 436,472 | $ (41,360) | $ 1,901,617 |
| Appropriation of the 2019 earnings (Note 19) | | | | | | | | |
| Legal reserve | - | - | - | 36,046 | - | (36,046) | - | - |
| Cash dividends distributed by the Company - NT$4 per share | - | - | - | - | - | (304,920) | - | (304,920) |
| Unclaimed cash dividends overdue transferred to capital surplus | - | - | 96 | - | - | - | - | 96 |
| Net profit for the year ended December 31, 2020 | - | - | - | - | - | 159,750 | - | 159,750 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | - | - | - | - | - | (111) | 3,897 | 3,786 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | - | 159,639 | 3,897 | 163,536 |
| BALANCE AT DECEMBER 31, 2020 | 76,230 | 762,300 | 60,832 | 651,251 | 68,264 | 255,145 | (37,463) | 1,760,329 |
| Appropriation of the 2020 earnings (Note 19) | | | | | | | | |
| Legal reserve | - | - | - | 15,964 | - | (15,964) | - | - |
| Cash dividends distributed by the Company - NT$1.3 per share | - | - | - | - | - | (99,099) | - | (99,099) |
| Unclaimed cash dividends overdue transferred to capital surplus | - | - | 92 | - | - | - | - | 92 |
| Net profit for the year ended December 31, 2021 | - | - | - | - | - | 82,524 | - | 82,524 |
| Other comprehensive income for the year ended December 31, 2021, net of income tax | - | - | - | - | - | (7,893) | (1,448) | (9,341) |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | - | 74,631 | (1,448) | 73,183 |
| BALANCE AT DECEMBER 31, 2021 | 76,230 | $ 762,300 | $ 60,924 | $ 667,215 | $ 68,264 | $ 214,713 | $ (38,911) | $ 1,734,505 |

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

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd. and Subsidiaries

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

| | 2021 | 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 87,541 | $ 178,629 |
| Adjustments for: | | |
| Depreciation expense | 167,259 | 137,185 |
| Amortization expense | 10,368 | 11,251 |
| Expected credit loss recognized on trade receivables | 2,038 | 1,154 |
| Finance costs | 3,451 | 2,776 |
| Interest income | (100) | (173) |
| Share of profits of associates | 59,403 | 67,628 |
| Loss on disposal of property, plant and equipment, net | 43 | 125 |
| Provision for loss on inventories | - | 5,356 |
| Unrealized gain on transactions with associates | 2,200 | 1,327 |
| Realized gain on transactions with associates | (2,645) | (3,115) |
| Net loss on foreign currency exchange | (10,869) | 395 |
| Gain on disposal of right-of-use assets | - | (2) |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (12,068) | 3,163 |
| Accounts receivable | 63,555 | (15,551) |
| Accounts receivable from related parties | 175,527 | (135,571) |
| Other receivables | 29 | 1,164 |
| Other receivables from related parties | 4,446 | 12,004 |
| Inventories | (118,169) | (135,854) |
| Prepayments | 31,845 | 240,905 |
| Other current assets | 11,057 | (6,992) |
| Contract liabilities | (104,915) | (154,226) |
| Notes payable | (10,750) | (140,571) |
| Notes payable to related parties | - | (1,005) |
| Accounts payable | (189,351) | 185,407 |
| Accounts payable to related parties | (1,812) | 14,491 |
| Other payables | (32,077) | (30,448) |
| Other payables to related parties | (16,336) | 3,461 |
| Other current liabilities | (196) | 193 |
| Net defined benefit liabilities | (6,192) | (36,970) |
| Other non-current assets | 79 | 38 |
| Cash generated from operations | 113,361 | 206,174 |
| Interest received | 100 | 173 |
| Interest paid | (3,386) | (2,699) |
| Income tax paid | (26,265) | (11,240) |
| Net cash generated from operating activities | 83,810 | 192,408 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (129,161) | (181,939) |
| Increase in refundable deposits | (6,421) | (1,603) |
| Decrease in refundable deposits | 11,157 | 3,303 |
| Payments for intangible assets | (5,160) | (20,051) |
| Net cash used in investing activities | (129,585) | (200,290) |

(Continued)

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd. and Subsidiaries

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

| | 2021 | 2020 |
|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | $ 2,885,588 | $ 2,146,454 |
| Repayments of short-term borrowings | (2,850,440) | (1,802,772) |
| Proceeds from short-term bills payable | 640,000 | 420,000 |
| Repayments of short-term bills payable | (550,000) | (420,000) |
| Repayment of the principal portion of lease liabilities | (5,866) | (13,679) |
| Cash dividends | (99,099) | (304,920) |
| Unclaimed cash dividends overdue transferred to capital surplus | 92 | 96 |
| Net cash generated from financing activities | 20,275 | 25,179 |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | (23) | (47) |
| NET INCREASE (DECREASE) IN CASH | (25,523) | 17,250 |
| CASH AT THE BEGINNING OF THE YEAR | 108,164 | 90,914 |
| CASH AT THE END OF THE YEAR | $ 82,641 | $ 108,164 |

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta Yih Industrial Co., Ltd.

### Opinion

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

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<u>Sales Revenue</u>

The operating revenue of Ta Yih Industrial Co., Ltd. mainly comes from the sale of automobile and locomotive lamps. As revenue from a particular customer changed significantly from the previous year, and as auditing standards suggest that revenue has inherent risks, we have identified the validity of revenue from the particular customer as a key audit matter. For the accounting policies related to operating revenue, refer to Note 4 to the financial statements.

Our main audit procedures performed in respect of the above-mentioned key audit matter are as follows:

1. We understood the internal controls related to revenue recognition and tested the operating effectiveness of the controls.

2. We performed substantive tests on sales revenue, checked the customer's delivery records and other transaction vouchers and bank collection records, and checked that the counterparty of the sales transactions is the same as the counterparty making payment, and that the sales transactions actually occurred.

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

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

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

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

**Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone 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 a matter that was of most significance in the audit of the standalone financial statements for the year ended December 31, 2021 and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2022

<u>*Notice to Readers*</u>

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

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

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

# Ta Yih Industrial Co., Ltd.

**STANDALONE BALANCE SHEETS**
**DECEMBER 31, 2021 AND 2020**
**(In Thousands of New Taiwan Dollars)**

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash (Notes 4 and 6) | $ 81,857 | 2 | $ 107,304 | 3 |
| Notes receivable (Notes 4 and 7) | 14,256 | - | 2,116 | - |
| Accounts receivable (Notes 4, 7 and 19) | 706,917 | 21 | 763,064 | 21 |
| Accounts receivable from related parties (Notes 4, 7, 19 and 26) | 63,689 | 2 | 239,878 | 6 |
| Other receivables (Notes 4 and 7) | 2,291 | - | 2,320 | - |
| Other receivables from related parties (Notes 4, 7 and 26) | 15,332 | 1 | 19,804 | - |
| Inventories (Notes 4 and 8) | 1,061,190 | 31 | 943,021 | 26 |
| Prepayments (Note 26) | 74,149 | 2 | 105,994 | 3 |
| Other current assets (Note 13) | 17,895 | 1 | 28,952 | 1 |
| Total current assets | 2,037,576 | 60 | 2,212,453 | 60 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using the equity method (Notes 4 and 9) | 272,325 | 8 | 333,146 | 9 |
| Property, plant and equipment (Notes 4, 10 and 26) | 995,638 | 29 | 1,017,826 | 28 |
| Right-of-use assets (Notes 4 and 11) | 8,166 | - | 8,334 | - |
| Intangible assets (Notes 4, 12 and 26) | 13,716 | 1 | 18,924 | 1 |
| Deferred tax assets (Notes 4 and 21) | 45,777 | 1 | 43,000 | 1 |
| Other non-current assets (Notes 4, 13 and 26) | 21,265 | 1 | 36,093 | 1 |
| Total non-current assets | 1,356,887 | 40 | 1,457,323 | 40 |
| TOTAL | $ 3,394,463 | 100 | $ 3,669,776 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 14) | $ 375,830 | 11 | $ 342,400 | 9 |
| Short-term bills payable (Note 14) | 90,000 | 3 | - | - |
| Contract liabilities - current (Notes 4, 19 and 26) | 53,953 | 2 | 158,868 | 4 |
| Notes payable (Note 15) | 84,738 | 2 | 95,488 | 3 |
| Accounts payable (Note 15) | 527,055 | 16 | 716,314 | 19 |
| Accounts payable to related parties (Notes 15 and 26) | 68,820 | 2 | 71,045 | 2 |
| Other payables (Note 16) | 171,840 | 5 | 203,852 | 6 |
| Other payables to related parties (Notes 16 and 26) | 50,016 | 1 | 66,352 | 2 |
| Current tax liabilities (Notes 4 and 21) | 55,122 | 2 | 64,112 | 2 |
| Lease liabilities - current (Notes 4 and 11) | 4,527 | - | 4,508 | - |
| Other current liabilities (Note 16) | 427 | - | 623 | - |
| Total current liabilities | 1,482,328 | 44 | 1,723,562 | 47 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 21) | 92,342 | 3 | 104,158 | 3 |
| Lease liabilities - non-current (Notes 4 and 11) | 3,713 | - | 3,905 | - |
| Net defined benefit liabilities (Notes 4 and 17) | 78,730 | 2 | 75,056 | 2 |
| Other non-current liabilities (Note 16) | 2,845 | - | 2,766 | - |
| Total non-current liabilities | 177,630 | 5 | 185,885 | 5 |
| Total liabilities | 1,659,958 | 49 | 1,909,447 | 52 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18) | | | | |
| Ordinary shares | 762,300 | 22 | 762,300 | 21 |
| Capital surplus | 60,924 | 2 | 60,832 | 2 |
| Retained earnings | | | | |
| Legal reserve | 667,215 | 20 | 651,251 | 17 |
| Special reserve | 68,264 | 2 | 68,264 | 2 |
| Unappropriated earnings | 214,713 | 6 | 255,145 | 7 |
| Total retained earnings | 950,192 | 28 | 974,660 | 26 |
| Other equity | (38,911) | (1) | (37,463) | (1) |
| Total equity attributable to owners of the Company | 1,734,505 | 51 | 1,760,329 | 48 |
| TOTAL | $ 3,394,463 | 100 | $ 3,669,776 | 100 |

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

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

# Ta Yih Industrial Co., Ltd.

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 19 and 26) | $ 4,992,142 | 100 | $ 4,797,165 | 100 |
| OPERATING COSTS (Notes 8, 17, 20 and 26) | 4,350,801 | 87 | 4,125,419 | 86 |
| GROSS PROFIT | 641,341 | 13 | 671,746 | 14 |
| UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | (2,200) | - | (1,327) | - |
| REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | 2,645 | - | 3,115 | - |
| REALIZED GROSS PROFIT | 641,786 | 13 | 673,534 | 14 |
| OPERATING EXPENSES (Notes 7, 17, 20 and 26) | | | | |
| Selling and marketing expenses | 224,238 | 5 | 159,570 | 3 |
| General and administrative expenses | 134,216 | 3 | 147,185 | 3 |
| Research and development expenses | 154,030 | 3 | 178,836 | 4 |
| Expected credit loss | 2,038 | - | 1,154 | - |
| Total operating expenses | 514,522 | 11 | 486,745 | 10 |
| PROFIT FROM OPERATIONS | 127,264 | 2 | 186,789 | 4 |
| NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26) | | | | |
| Interest income | 100 | - | 171 | - |
| Other income | 59,041 | 1 | 104,697 | 2 |
| Other gains and losses | (39,408) | (1) | (45,347) | (1) |
| Share of profit or loss of subsidiaries and associates | (59,456) | (1) | (67,681) | (1) |
| Total non-operating income and expenses | (39,723) | (1) | (8,160) | - |
| PROFIT BEFORE INCOME TAX | 87,541 | 1 | 178,629 | 4 |
| INCOME TAX EXPENSE (Notes 4 and 21) | 5,017 | - | 18,879 | 1 |
| NET PROFIT FOR THE YEAR | 82,524 | 1 | 159,750 | 3 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 17) | (9,866) | - | (138) | - |

(Continued)

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd.

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 21) | $ 1,973 | - | $ 27 | - |
| | (7,893) | - | (111) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | (1,810) | - | 4,866 | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 21) | 362 | - | (969) | - |
| | (1,448) | - | 3,897 | - |
| Other comprehensive income (loss) for the year, net of income tax | (9,341) | - | 3,786 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 73,183 | 1 | $ 163,536 | 3 |
| EARNINGS PER SHARE (New Taiwan dollars, Note 22) | | | | |
| Basic | $ 1.08 | | $ 2.10 | |
| Diluted | $ 1.08 | | $ 2.09 | |

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

(Concluded)

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

**Ta Yih Industrial Co., Ltd.**

**STANDALONE STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**
**(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

| | Share Capital | | | Retained Earnings | | | Other Equity - Exchange Differences on Translating Foreign Operations | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | | Total Equity |
| BALANCE AT JANUARY 1, 2020 | 76,230 | $ 762,300 | $ 60,736 | $ 615,205 | $ 68,264 | $ 436,472 | $ (41,360) | $ 1,901,617 |
| Appropriation of the 2019 earnings (Note 18) | | | | | | | | |
| Legal reserve | - | - | - | 36,046 | - | (36,046) | - | - |
| Cash dividends distributed by the Company - NT$4 per share | - | - | - | - | - | (304,920) | - | (304,920) |
| Unclaimed cash dividends overdue transferred to capital surplus | - | - | 96 | - | - | - | - | 96 |
| Net profit for the year ended December 31, 2020 | - | - | - | - | - | 159,750 | - | 159,750 |
| Other comprehensive loss for the year ended December 31, 2020, net of income tax | - | - | - | - | - | (111) | 3,897 | 3,786 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | - | 159,639 | 3,897 | 163,536 |
| BALANCE AT DECEMBER 31, 2020 | 76,230 | 762,300 | 60,832 | 651,251 | 68,264 | 255,145 | (37,463) | 1,760,329 |
| Appropriation of the 2020 earnings (Note 18) | | | | | | | | |
| Legal reserve | - | - | - | 15,964 | - | (15,964) | - | - |
| Cash dividends distributed by the Company - NT$1.3 per share | - | - | - | - | - | (99,099) | - | (99,099) |
| Unclaimed cash dividends overdue transferred to capital surplus | - | - | 92 | - | - | - | - | 92 |
| Net profit for the year ended December 31, 2021 | - | - | - | - | - | 82,524 | - | 82,524 |
| Other comprehensive income for the year ended December 31, 2021, net of income tax | - | - | - | - | - | (7,893) | (1,448) | (9,341) |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | - | 74,631 | (1,448) | 73,183 |
| BALANCE AT DECEMBER 31, 2021 | 76,230 | $ 762,300 | $ 60,924 | $ 667,215 | $ 68,264 | $ 214,713 | $ (38,911) | $ 1,734,505 |

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

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd.

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

| | 2021 | 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 87,541 | $ 178,629 |
| Adjustments for: | | |
| Depreciation expense | 167,259 | 137,185 |
| Amortization expense | 10,368 | 11,251 |
| Expected credit loss recognized on trade receivables | 2,038 | 1,154 |
| Finance costs | 3,451 | 2,776 |
| Interest income | (100) | (171) |
| Share of profits of subsidiaries and associates | 59,456 | 67,681 |
| Loss on disposal of property, plant and equipment, net | 43 | 125 |
| Provision for loss on inventories | - | 5,356 |
| Unrealized gain on transactions with associates | 2,200 | 1,327 |
| Realized gain on transactions with associates | (2,645) | (3,115) |
| Net loss on foreign currency exchange | (10,869) | 395 |
| Gain on disposal of right-of-use assets | - | (2) |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (12,068) | 3,163 |
| Accounts receivable | 63,555 | (15,551) |
| Accounts receivable from related parties | 175,527 | (135,571) |
| Other receivables | 29 | 1,164 |
| Other receivables from related parties | 4,446 | 12,004 |
| Inventories | (118,169) | (135,854) |
| Prepayments | 31,845 | 240,905 |
| Other current assets | 11,057 | (6,992) |
| Contract liabilities | (104,915) | (154,226) |
| Notes payable | (10,750) | (140,571) |
| Notes payable to related parties | - | (1,005) |
| Accounts payable | (189,351) | 185,407 |
| Accounts payable to related parties | (1,812) | 14,491 |
| Other payables | (32,077) | (30,448) |
| Other payables to related parties | (16,336) | 3,461 |
| Other current liabilities | (196) | 193 |
| Net defined benefit liabilities | (6,192) | (36,970) |
| Other non-current assets | 79 | 38 |
| Cash generated from operations | 113,414 | 206,229 |
| Interest received | 100 | 171 |
| Interest paid | (3,386) | (2,699) |
| Income tax paid | (26,265) | (11,240) |
| Net cash generated from operating activities | 83,863 | 192,461 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (129,161) | (181,939) |
| Increase in refundable deposits | (6,421) | (1,603) |

(Continued)

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**

# Ta Yih Industrial Co., Ltd.

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

| | 2021 | 2020 |
|---|---|---|
| Decrease in refundable deposits | $ 11,157 | $ 3,303 |
| Payments for intangible assets | (5,160) | (20,051) |
| Net cash used in investing activities | (129,585) | (200,290) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 2,885,588 | 2,146,454 |
| Repayments of short-term borrowings | (2,850,440) | (1,802,772) |
| Proceeds from short-term bills payable | 640,000 | 420,000 |
| Repayments of short-term bills payable | (550,000) | (420,000) |
| Repayment of the principal portion of lease liabilities | (5,866) | (13,679) |
| Cash dividends | (99,099) | (304,920) |
| Unclaimed cash dividends overdue transferred to capital surplus | 92 | 96 |
| Net cash generated from financing activities | 20,275 | 25,179 |
| NET INCREASE (DECREASE) IN CASH | (25,447) | 17,350 |
| CASH AT THE BEGINNING OF THE YEAR | 107,304 | 89,954 |
| CASH AT THE END OF THE YEAR | $ 81,857 | $ 107,304 |

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

(Concluded)

Attachment 4.

## Ta Yih Industrial Co., Ltd.

### Statement of Earning Distribution of 2021

Unit: NTD

| Item | Amount | |
|---|---|---|
| Undistributed earnings at the beginning of the year | | 140,082,246 |
| Net profit of 2021 | 82,524,027 | |
| Less：Remeasurement of defined benefit plans recognized in retained earnings | (7,893,379) | |
| Distributable earnings for the current year | | 74,630,648 |
| Less：10% legal reserve allocated | | (7,463,065) |
| Distributable earnings for the year | | 207,249,829 |
| Distributions： | | |
| Dividends to shareholders (cash) (Note 1) | | (45,738,000) |
| Undistributed earnings at the end of the year | | 161,511,829 |

(Note 1) Earnings for 2021 have been preferentially distributed this time.

Chairman：Wu Chun-I
Manager：Feng Shih-Chung
Accounting Manager：Wang Hung-Chi

Attachment 5.

## Comparison Table for "Handling Procedure for Acquisition or Disposal of Assets" Before and After Amendment

| Article | Before Amendment | After Amendment | Reason for Amendment |
|---|---|---|---|
| 5 | When the Company acquires an appraisal report or an opinion from an accountant, attorney, or securities underwriter, such professional appraiser and its officer, the accountant, attorney, or securities underwriter shall meet the following requirements:<br>1. ~(Omitted)~.<br>2. ~(Omitted)~.<br>3. ~(Omitted)~.<br>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:<br>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.<br>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.<br>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.<br>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations. | When the Company acquires an appraisal report or an opinion from an accountant, attorney, or securities underwriter, such professional appraiser and its officer, the accountant, attorney, or securities underwriter shall meet the following requirements:<br>1. ~(Omitted)~.<br>2. ~(Omitted)~.<br>3. ~(Omitted)~.<br>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with self-regulatory rules of the industry associations to which they belong and the following:<br>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.<br>2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.<br>3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.<br>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable and that they have complied with applicable laws and regulations. | Amended following Article 5 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |
| 6 | Procedure for Real Property, Equipment or the right-of-use asset thereof<br>1. Evaluation Procedure:~(Omitted)~.<br>2. Processing: ~(Omitted)~.<br>3. Real Property or Equipment Appraisal Report<br>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 | Procedure for Real Property, Equipment or the right-of-use asset thereof<br>1. Evaluation Procedure:~(Omitted)~.<br>2. Processing: ~(Omitted)~.<br>3. Real Property or Equipment Appraisal Report<br>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 | Amended following Article 9 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". |

| Article | Before Amendment | After Amendment | Reason for Amendment |
|---|---|---|---|
| | 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:<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>(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 <u>shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render</u> a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:<br>1. The discrepancy between the appraisal result and the transaction amount is twenty percent or more of the transaction amount.<br>2. The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.<br>(4) ~(Omitted)~.<br>(5) ~(Omitted)~. | 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:<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>(3) Where any one of the following circumstances applies with respect to the expert appraiser's appraisal results, unless that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall issue a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:<br>1. The discrepancy between the appraisal result and the transaction amount is twenty percent or more of the transaction amount.<br>2. The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.<br>(4) ~(Omitted)~.<br>(5) ~(Omitted)~. | |
| 7 | Procedure for Acquisition or Disposal of Securities<br>1. Evaluation Procedure: ~(Omitted)~.<br>2. Processing Procedure: ~(Omitted)~.<br>3. Expert Opinions<br>(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an</u> | Procedure for Acquisition or Disposal of Securities<br>1. Evaluation Procedure: ~(Omitted)~.<br>2. Processing Procedure: ~(Omitted)~.<br>3. Expert Opinions<br>(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly | Amended following Article 10 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”. |

| Article | Before Amendment | After Amendment | Reason for Amendment |
|---|---|---|---|
| | expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).<br>(2) ~(Omitted)~. | quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).<br>(2) ~(Omitted)~. | |
| 8 | Procedure for Related Party Transactions<br>1. ~(Omitted)~.<br>2. Evaluation and Procedure<br>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% or more of the Company's paid-in capital, 10% 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 audit committee and the board of directors:<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>(3) ~(Omitted)~.<br>(4) ~(Omitted)~.<br>(5) ~(Omitted)~.<br>(6) ~(Omitted)~.<br>(7) ~(Omitted)~.<br>The calculation of the transaction amount referred to in the previous paragraph shall be made in accordance with Subparagraph (5), Paragraph I, Article 13 and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors in accordance with this Procedure need not be counted toward the transaction amount.<br>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% of the issued shares or authorized capital, the board of directors may pursuant to Subparagraph (3), | Procedure for Related Party Transactions<br>1. ~(Omitted)~.<br>2. Evaluation and Procedure<br>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% or more of the Company's paid-in capital, 10% 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 audit committee and the board of directors:<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>(3) ~(Omitted)~.<br>(4) ~(Omitted)~.<br>(5) ~(Omitted)~.<br>(6) ~(Omitted)~.<br>(7) ~(Omitted)~.<br>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% of the issued shares or authorized capital, the board of directors may pursuant to Subparagraph (3), | Amended following Article 15 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |

| Article | Before Amendment | After Amendment | Reason for Amendment |
|---|---|---|---|
| | Paragraph 1, Article 7 delete the board chairman to decide such matters when the transaction is within a certain amount and have the decision subsequently submitted to and ratified by the next board of directors meeting:<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.<br>Where an audit committee has been established in accordance with the provisions of the Securities Transaction Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 16, paragraphs 3 and 4.<br>3. Evaluation of the Reasonableness of Transaction Costs: ~(Omitted)~. | Paragraph 1, Article 7 delete the board chairman to decide such matters when the transaction is within a certain amount and have the decision subsequently submitted to and ratified by the next board of directors meeting:<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.<br>Where an audit committee has been established in accordance with the provisions of the Securities Transaction Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 16, paragraphs 3 and 4.<br><u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in Paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u><br><u>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Article 13, Paragraph (1) Subparagraph (5) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</u><br>3. Evaluation of the Reasonableness of Transaction Costs: ~(Omitted)~. | |

| Article | Before Amendment | After Amendment | Reason for Amendment |
|---|---|---|---|
| 9 | Procedure for Acquisition or Disposal of Intangible Assets or right-of-use assets thereof or membership<br>(1)Evaluation Procedure: ~(Omitted)~.<br>(2)Processing: ~(Omitted)~.<br>(3) ~(Omitted)~.<br>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. <u>The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> | Procedure for Acquisition or Disposal of Intangible Assets or right-of-use assets thereof or membership<br>(1)Evaluation Procedure: ~(Omitted)~.<br>(2)Processing: ~(Omitted)~.<br>(3) ~(Omitted)~.<br>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership 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. | Amended following Article 11 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |
| 13 | Information Disclosure Procedure<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>(3) ~(Omitted)~.<br>(4) ~(Omitted)~.<br>(5) ~(Omitted)~.<br>(6) ~(Omitted)~.<br>(7) Where an asset transaction is other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million, provided that this shall not apply to the following circumstances:<br>1. Trading of domestic government bonds.<br>2. Where it is done by professional investors, securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. | Information Disclosure Procedure<br>(1) ~(Omitted)~.<br>(2) ~(Omitted)~.<br>(3) ~(Omitted)~.<br>(4) ~(Omitted)~.<br>(5) ~(Omitted)~.<br>(6) ~(Omitted)~.<br>(7) Where an asset transaction is other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million, provided that this shall not apply to the following circumstances:<br>1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan</u>.<br>2.Where it is done by professional investors, securities trading on securities exchanges or OTC markets, or subscription <u>of foreign government bonds,</u> or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. | Amended following Article 31 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |

| Article | Before Amendment | After Amendment | Reason for Amendment |
|---|---|---|---|
| | 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.<br>(8) ~(Omitted)~.<br>2. Deadline for Public Announcement and Reporting: ~(Omitted)~.<br>3. Procedure for Public Announcement: ~(Omitted)~. | 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.<br>(8) ~(Omitted)~.<br>2. Deadline for Public Announcement and Reporting: ~(Omitted)~.<br>3. Procedure for Public Announcement: ~(Omitted)~. | |

# Appendix 1.

Ta Yih Industrial Co., Ltd.
Corporate Charter

## Chapter 1 General

Article 1: The Company is organized in accordance with the provisions regarding stock limited companies under the Company Act and is named "Ta Yih Industrial Co, Ltd."

Article 2: The Company operates the following businesses:
1. Manufacturing, sale, import and export trading business of vehicles, motorcycles, and hardware parts.
2. Manufacturing, processing, and sales business of airplane parts and vessel parts.
3. Manufacturing, processing, and sales business of transportation machinery and parts.
4. Manufacturing, sales, process, import and export business of lighting machinery, modules, and relevant equipment.
5. Rail vehicles and parts manufacturing business.
6. Rail vehicles and parts wholesale business.
7. Industrial plastics product manufacturing business.
8. Optic instruments manufacturing business.
9. Precision instruments wholesale business.

Article 2-1: The Company may provide guarantees for and invest in other companies as required for its business. The amount of investment may exceed 40% of its paid-in capital.

Article 3: The Company has its headquarters in Tainan City.

Article 4: The Company makes public announcements in accordance with Article 28 of the Company Act.

## Chapter 2 Shares

Article 5: The Company's total capital is Seven Hundred Sixty Two Million Three Hundred Thousand NT Dollars, divided into Seventy Six Million Two Hundred Thirty Thousand shares, at NT$10 per share, which are issued in the full amount.

Article 6: All of the Company's shares are registered shares, to be affixed with the signatures or seals of the directors representing the Company and issued after certification by in accordance with the law. The shares may also be issued without share certificates.

Article 6-1: There is no obligation to print share certificates for the Company's shares. However, the Company shall designate a securities custodian organization.

Article 7: Shareholders shall provide their true names and addresses to the Company. Sample seal cards shall be completed and provided to the Company for safekeeping. The loss of any sample seal shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 8: Upon any share transfer, the transferor and the transferee shall complete a share transfer form and submit it together with the share certificate to the Company to seek transfer registration. The transfer may only be used against the Company after it has been registered in the shareholder register.

Article 9: If any share certificate is lost or damaged, it shall be declared lost and re-issued in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 10: The Company may collect an administrative charge upon re-issuance or replacement of new share certificates.

Article 11: Share transfer registration shall be suspended for the period of 60 days before any general shareholders' meeting, 30 days before any special meeting, or 5 days before the record date for the distribution of dividends, bonuses, or other benefits determined by the Company.

## Chapter 3 Shareholders' Meetings

Article 12: Shareholders' meetings are divided into general meetings and special meetings. General meetings are held once every year within 6 months from the end of each accounting year. Notice shall be given to each shareholder 30 days in advance. Special meetings are held as required in accordance with the law. Notice shall be given to each shareholder 15 days in advance.

Article 13: Any shareholder who cannot attend a shareholders' meeting due to any reason may issue a proxy, specifying the scope of authorization, to designate a representative to attend the meeting on its behalf.

Article 14: The chairman shall chair shareholders' meetings. If the chairman is absent, the vice chairman shall chair the meeting. If the vice chairman is absent, the chairman shall designate one director to act on his behalf. If there is no such designation, one director shall be appointed from among themselves.

Article 15: The shareholders of the Company are entitled to one voting right per share held.

Article 16: Unless otherwise provided by the Company Act, shareholder resolutions shall be approved by shareholders representing the majority of voting rights represented in a meeting that is attended by shareholders representing the majority of all outstanding shares.

Article 17: Matters resolved in shareholders' meetings shall be recorded in minutes, which shall be affixed with the signature or seal of the chairman and distributed to each shareholder within 20 days after the meeting. The minutes may be distributed through public announcements.

The minutes shall record the year, month, date, location of the meeting, the chairman's name, manner of resolution, main proceedings and the results, and shall be kept permanently during the period of existence of the Company.

Signature sheets for attending shareholders and proxies shall be kept for at least one year, provided that if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, these documents shall be kept until the end of the lawsuit.

## Chapter 4 Board of Directors

Article 18: The Company has 9 directors, to be elected by the shareholders' meeting from among persons with legal capacities. Their terms shall be 3 years and the same person may be re-elected upon expiry of the term.

Among the directors under the previous paragraph, there shall be at least 3 independent directors.

Directors shall be elected through the candidate nomination system in accordance with Article 192-1 of the Company Act. Non-independent directors shall be elected together with the independent directors. The persons who have received the votes representing the highest number of voting rights shall be elected as non-independent directors and independent directors, respectively, in accordance with the respective number of seats available.

The professional qualifications, nomination and election manners and other matters of compliance for independent directors shall be governed by the applicable laws such as the Company Act and the Securities Exchange Act.

The total number of shares of the Company to be held by all directors shall be established based on the standards under the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios in Public Companies promulgated by the competent securities authority.

The Company has an audit committee in accordance with Article 14-4 of the Securities and Exchange Commission, which is composed of all independent directors which is responsible for performing the duties that should be performed by supervisors in accordance with the Company Act, the Securities and Exchange Act and other laws.

Article 19: If the current term of a director has expired but a re-election has not been held in time, the duties of the director shall be extended until the time when the re-elected director starts their term.

Article 20: The directors constitute the board of directors. One person shall be elected from among themselves to serve as the chairman and another person as the vice chairman. The chairman acts as the Company's representative.

Article 21: When there is more than 1/3 vacancy in board seats, the board of directors shall convene a shareholders meeting to fill the seats in accordance with the law and the term shall be until the end of the original term.

Article 21-1: To convene a board meeting, the agenda shall be specified and a notice shall be given to each director 7 days in advance. However, a meeting may be held at any time in case of an emergency.The meeting notice and the agenda under the previous paragraph may be sent in writing, by email, or by fax.

Article 22: Board meetings are held once every quarter. A special meeting may be held if the chairman deems it necessary or upon the request of 4 or more directors. The chairman shall chair the special meetings. If the chairman is on leave or cannot perform their duties due to any reason, the vice chairman shall chair the meeting. If the vice chairman is on leave or cannot perform their duties due to any reason, the chairman shall designate one director to act on their behalf. If there is no such designation, one director shall be appointed from among themselves.

Article 23: Unless otherwise provided under the Company Act or by the Company, board meeting shall be approved by a majority of the directors present in a meeting that is attended by a majority of the directors.

Any director who cannot attend a meeting in person due to any reason may designate another director to act on his/her behalf. Any director participating in a meeting through video conference shall be deemed to have participated in person.

When a director designates another director as his/her representative to attend a board meeting, a proxy shall be issued each time, specifying the scope of authorization in relation to the agenda.

The proxy holder under the previous two paragraphs shall not represent more than one other person.

Article 24: Matters resolved in board meetings shall be recorded in minutes, which shall be affixed with the signature or seal of the chairman and distributed to each director within 20 days after the meeting. The minutes shall record the main proceedings of the meeting and the results. The minutes shall be kept in the Company together with the signature sheets of the attending directors and the proxies.

Article 25: delete.

Article 26: The remuneration for all directors and the president shall be determined by the board of directors based on the common standards of the industry.

## Chapter 5 Managers and Staff

Article 27: The Company may have one president and several vice presidents, assistant managers, and managers. Other than the managers, who shall be hired and dismissed by the board of directors, the hiring and dismissal of such persons shall be subject to the approval by the majority of all directors, provided that the nominations shall be made by the president.

Article 28: The Company may, through board resolution in accordance with Article 23 of the Articles of Association, hire consultants or important staff.

Article 29: The other staff of the Company shall be hired and dismissed by the president and filed with the board of directors for reference.

## Chapter 6 Closing

Article 30: At the end of each accounting year of the Company, the board of directors shall prepare below statements, submit them to the audit committee for audit and issuance of a report 30 days before the general shareholders meeting and then further submit them to the general shareholders meeting for approval.

1. Business report.
2. Financial statements.
3. Profit sharing or loss compensation proposal.

Article 30-1: If the Company has profit in the current year, at least 1% shall be provided as employee remuneration, to be distributed in stock or in cash through board resolution. However, if the Company has accumulated losses, the amount of compensation shall be reserved before provision of the employee remuneration based on the above ratio.

The employee remuneration distribution proposal shall be reported to the general shareholders' meeting.

Article 31: In consideration of the future funding needs and long-term financial planning for the Company, if there is profit after annual closing, after paying profit-seeking enterprise income tax and compensating losses from the past years, 10% of the balance amount shall be provided as legal reserve and a special reserve shall be provided for the amount of decrease in the shareholders' equity in the current year. The balance, if any, shall be combined with the accumulated non-distributed profit from the last year for the profit distribution proposal to be made by the board of directors, which shall be submitted to the general shareholders' meeting for resolution before distribution. Among the above, the shareholder dividend shall not be less than 50% of the distributable profit of the current year and the cash dividend shall not be less than 50% of the total shareholder dividend.

## Chapter 7 Miscellaneous

Article 32: The organizational charter and bylaws of the Company shall be further established.

Article 33: Any matter that is not fully stipulated in these Articles of Association shall be governed by the Company Act and other laws.

Article 34: These Articles of Association were established on 14 December 1975.
The first amendment was made on 19 February 1976.
The second amendment was made on 15 December 1977.
The third amendment was made on 12 May 1979.
The fourth amendment was made on 15 August 1980.
The fifth amendment was made on 25 July 1981.
The sixth amendment was made on 20 July 1982.
The seventh amendment was made on 5 August 1983.
The eighth amendment was made on 29 August 1983.
The ninth amendment was made on 3 December 1983.
The tenth amendment was made on 21 November 1985.
The eleventh amendment was made on 21 April 1986.
The twelfth amendment was made on 15 June 1988.
The thirteenth amendment was made on 10 August 1988.:
The fourteenth amendment was made on 24 May 1990.
The fifteenth amendment was made on 10 December 1990.
The sixteenth amendment was made on 15 May 1991.
The seventeenth amendment was made on 8 April 1992.
The eighteenth amendment was made on 13 September 1993.
The nineteenth amendment was made on 24 September 1993.
The twentieth amendment was made on 11 November 1993.
The twenty-first amendment was made on 13 May 1994.
The twenty-second amendment was made on 29 May 1995.
The twenty-third amendment was made on 6 March 1996.
The twenty-fourth amendment was made on 4 June 1998.
The twenty-fifth amendment was made on 15 June 1999.
The twenty-sixth amendment was made on 20 June 2000.
The twenty-seventh amendment was made on 7 June 2001.
The twenty-eighth amendment was made on 28 June 2002.
The twenty-ninth amendment was made on 13 June 2007.
The thirtieth amendment was made on 14 June 2010.
The thirty-first amendment was made on 18 June 2012.
The thirty-second amendment was made on 13 June 2016.
The thirty- third amendment was made on 12 June 2020.

# Appendix 2.

Ta Yih Industrial Co., Ltd.
Rules for Shareholders' Meetings

Article 1: Shareholders' meetings of the Company shall be governed by these Rules.

Article 2: The Company shall put in place a signature sheet for signatures by the attending shareholders (or proxy holders). Alternatively, attending shareholders (or proxy holders) may submit their attendance cards in lieu of signatures. The number of shares present shall be calculated based on the signature sheet or the signature cards submitted.

Article 3: Presence and voting in the shareholders' meetings shall be calculated based on shares.

Article 4: Shareholders' meetings of the Company shall be held in the county or city where the headquarters is located or a location that is convenient for holding a shareholders' meeting. The meeting shall start no earlier than 9 a.m. and no later than 3 p.m.

Article 5: The chairman of the board of directors shall chair shareholders meetings. If the chairman is on leave or cannot perform his/her duties due to any reason, the vice chairman shall chair the meeting. If the vice chairman is also on leave or if he/she cannot exercise his/her duties due to any reason, the chairman shall designate one director to chair the meeting. If no one is designated by the chairman, the directors shall elect one person from among themselves.

Article 6: The Company may assign designated attorneys, accountants, or relevant persons to participate in shareholders' meetings.
The staff of the shareholders' meetings shall wear badges or arm bands.

Article 7: The Company shall make full audio or video recordings of the shareholders' meetings and shall keep such recordings for at least one year.

Article 8: The chairman shall announce the start of the shareholders' meeting upon attendance by shareholders (or proxy holders) representing the majority of all outstanding shares. If the quorum is not met at the meeting time, the chairman may announce an adjournment. There shall be no more than 2 adjournment and the total period of adjournment shall not exceed 1 hour. If the quorum is still not met after two adjournments and if the number of shareholders (or proxy holders) representing 1/3 or more of the total outstanding shares are present, a provisional resolution may be passed by shareholders representing the majority of voting rights. After the provisional resolution is passed, if the number of shares represented by the attending shareholders (or proxy holders) meets the statutory quorum, the chairman may submit the provisional resolution to the meeting for ratification in accordance with Article 175 of the Company Act.

Article 9: The board of directors shall determine the agenda of the shareholders' meetings. Meetings shall proceed in accordance with the scheduled agenda and no change shall be made without a resolution.
Before the agenda scheduled under the previous paragraph (including motions) is completed, the chairman shall not dismiss the meeting unless there is a resolution.
Upon dismissal of the meeting by resolution, no shareholder shall further elect a chairman to continue the meeting either in the same place or in a different place.

Article 10: delete.

Article 11: Before an attending shareholder (or proxy holder) speaks, he/she must first complete a speaking note specifying the main points of the speech, the shareholder account number (or attendance card number), and account name. The order of speech shall be determined by the chairman.
If an attending shareholder (or proxy holder) only submits a speaking note but does not speak, he/she shall be deemed to have not spoken. If the speech is inconsistent with the speaking note, the confirmed speech shall prevail.
When an attending shareholder speaks, the other shareholders shall not speak to interfere unless with the consent of the chairman and the speaking shareholder. Any violation shall be stopped by the chairman.

Article 12: Each shareholder (or proxy holder) shall speak no more than twice about the same proposal without the chairman's approval. Each speech shall not exceed 5 minutes.
The chairman shall stop the shareholder's speech when it violates the previous paragraph or goes beyond the scope of the proposal.

Article 13: When a corporation attends a shareholders' meeting through a representative, only one person shall be designated to attend the meeting.
If a corporate shareholder designates 2 or more representatives to attend the meeting, only one

person shall be allowed to speak.

Article 14: After an attending shareholder speaks, the chairman may provide an answer or designate a relevant person to provide an answer.

Article 15: When the chairman deems that there has been sufficient discussion to put a proposal to a vote, he/she may announce the closing of discussion and submit the proposal to a vote.

Article 16: When voting takes place on a proposal, the vote supervisors and vote counters shall be designated by the chairman, provided that the vote supervisors shall be shareholders. The voting results shall be reported on site and recorded.

Article 17: During the meeting, the chairman may announce a break.

Article 18: Other than a special resolution provided by the Company Act, proposals shall be approved by the majority of voting rights among attending shareholders. If the chairman makes an inquiry at the time of voting and there is no objection, it shall be deemed approved and shall have the same effect as voting. Other than trust enterprises and shareholder service organizations approved by the securities competent authority, when a person holds a proxy issued by two or more shareholders, the voting rights on behalf of others shall not exceed 3% of the voting rights of all outstanding shares. In case of excess, the voting rights in excess shall be excluded from the calculation.

When a shareholder has an interest in relation to a matter in the meeting, which may result in jeopardy to the Company's interest, such shareholder shall be excluded from the voting and shall not exercise their voting rights on behalf of any other shareholder.

Article 19: When a proposal has an amendment or an alternative, the chairman shall determine the order of voting. If one proposal has been approved, the other proposals shall be deemed denied and there is no need for further voting.

Article 20: The chairman may direct disciplinary staff (or security staff) to help maintain order in the meeting place. In maintaining the order on site, the disciplinary staff (or security staff) shall wear arm bands showing "disciplinary staff".

Article 21: Any matter that is not stipulated in these Rules shall be governed by the Company Act, the Securities Exchange Act, the Articles of Association of the Company and other applicable laws.

Article 22: These Rules, including any amendment, shall be implemented after approval by the shareholders' meeting.

# Appendix 3.

Ta Yih Industrial Co., Ltd.

Procedure for Acquisition or Disposal of Assets

Article 1:Legal Basis

This Procedure is established in accordance with Article 36-1 of the Securities Exchange Act (hereinafter the "Act") and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 2:Scope of Assets

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

Article 3:Definitions

1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a product such as a specific interest rate, financial tool price, product price, foreign exchange rate, price or fee rate index, credit rating or credit index or other variables, combinations of the above contracts or composite contracts or structured contracts integrating derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2.Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with the 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 the transfer of shares from another company through the issuance of new shares of its own as the consideration therefor (hereinafter "Transfer of Shares") under Article 156-3 of the Company Act.
3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5.Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or any other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment in which the approval of the competent authority is required, the earlier of the above date or the date of the receipt of approval by the competent authority shall apply.

6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7.Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8.Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9.Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: Limit Amount for Investment in Non-Operating Real Property and the right-of use asset thereof and Securities Acquisition of the above asset by the Company and each of its subsidiaries is limited by the following:
1.Total amount of non-operating real property and the right-of-use asset thereof shall not exceed 15% of the net assets.
2.Total amount of investment in long-term and short-term securities shall not exceed 60% of the net assets.
3.Investment amount in individual securities shall not exceed 60% of the net assets.

Article 5:When the Company acquires an appraisal report or an opinion from an accountant, attorney, or securities underwriter, such professional appraiser and its officer, the accountant, attorney, or securities underwriter shall meet the following requirements:
1.May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2.May not be a related party or de facto related party of any party to the transaction.
3.If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
1.Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

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.

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.

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

Article 6:Procedure for Real Property, Equipment or the right-of-use asset thereof

1.Evaluation Procedure

(1)To acquire or dispose of real property, equipment or the right-of-use assets thereof of the Company, the applicant unit shall submit the grounds based on actual needs or as reported case-by-case by the original user unit. Following price consultation, price comparison, and price negotiation together with the relevant units, a submission shall be made to the president for approval. If the amount exceeds NT$20 million, the transaction shall be approved by the chairman and shall be submitted to the board of directors.

(2) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under its procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee. Where the position of independent director has been created in accordance with the Securities and Exchange Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If an audit committee has been established in accordance with the Securities Transaction Act, transactions of major assets or derivatives shall be approved by 1/2 of all members of the audit committee and submitted to the board of directors for resolution. Paragraphs 3 and 4, Article 16 apply mutatis mutandis.

2.Processing

When the Company acquires disposes of real property, equipment or the right-of use assets thereof, an approval shall be acquired in accordance with the approval authority under the previous paragraph, followed by execution by the user department or the procurement department.

3.Real Property or Equipment Appraisal Report

In acquiring or disposing of real property, equipment or the right-of-use assets thereof, where the transaction amount reaches 20% 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 the right-of-use asset thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

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

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

(3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the 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:

(3-1)The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

(3-2)The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(4)No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date, provided that 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)Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7:Procedure for Acquisition or Disposal of Securities

1.Evaluation Procedure

(1)When the Company acquires or disposes of securities, the Finance Department shall submit an evaluation report and the transaction shall only take place after the president’s or the chairman’s approval. Any transaction in an amount of NT$10 million or higher shall be submitted to the board of directors for approval.

(2) With respect to the Company’s acquisition or disposal of assets that is subject to the approval of the board of directors under its procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to the audit committee. Where the position of independent director has been created in accordance with the Securities and Exchange Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If an audit committee has been established in accordance with the Securities Transaction Act, transactions of major assets or derivatives shall be approved by 1/2 of all members of the audit committee and submitted to the board of directors for resolution. Paragraphs 3 and 4, Article 16 apply mutatis mutandis.

2.Processing Procedure
When the Company acquires or disposes of securities, an approval shall be acquired in accordance with the approval authority under the previous paragraph, followed by execution by the Finance Department.

3.Expert Opinions

(1)The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

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

Article 8:Procedure for Related Party Transactions

1.When the Company acquires or disposes of assets, equipment or right-of use assets thereof from or to a related party, in addition to following the procedure for the acquisition of real property under Article 6, the following procedures regarding relevant resolutions and an evaluation of the reasonableness of transaction conditions shall also be followed. If the transaction amount exceeds 10% of the Company’s total assets, an appraisal report issued by a professional appraiser or an accountant’s opinion shall also be acquired in accordance with Article 6.
The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9-1.
When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2.Evaluation and Procedure
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% or more of the Company’s paid-in capital, 10% 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 audit committee and the board of directors:

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

(2)The reason for choosing the related party as a transaction counterparty.

(3)With respect to the acquisition of real property or the right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with subparagraphs (1) and (4), third paragraph of this Article.

(4)The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
(5)Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
(6)An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
(7)Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amount referred to in the previous paragraph shall be made in accordance with Subparagraph (5), Paragraph I, Article 13 and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors in accordance with this Procedure need not be counted toward the transaction amount.

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% of the issued shares or authorized capital, the board of directors may pursuant to Subparagraph (3), Paragraph 1, Article 7 delete the board chairman to decide such matters when the transaction is within a certain amount and have the decision subsequently submitted to and ratified by the next board of directors meeting:
(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
(2)Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Securities Transaction Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 16, paragraphs 3 and 4.

3.Evaluation of the Reasonableness of Transaction Costs
(1)When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
(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.
(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 that the actual cumulative amount loaned by the financial institution shall have been 70 percent or

more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(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.

(3)When the Company acquires real property or right-or-use asset thereof from a related party and appraises the cost of the real property or right-or-use asset thereof in accordance with subparagraphs (1) and (2), third paragraph of this Article, it shall also engage a CPA to check the appraisal and render a specific opinion.

(4)When the Company acquires real property or right-or-use asset thereof from a related party and the results of the Company's appraisal conducted in accordance with subparagraphs (1) and (2), third paragraph of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph (5), third paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

(4-1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(4-1-1)Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(4-1-2)Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or lease practices.

(4-1-3)Lease transactions by unrelated parties within the preceding year involving other floors of the same property, after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.

(4-2)Where the Company acquiring real property or right-of-use asset thereof 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. In the preceding paragraph, 'Completed transactions involving neighboring or closely valued parcels of land' in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value. 'Transactions involving similarly sized parcels' in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction. 'Within the preceding year' refers to the year preceding the date of occurrence of the acquisition of the real property.

(5)Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraphs (1) and (2), third paragraph of this Article are uniformly lower than the transaction price, the following steps shall be taken. If the Company and any of its subsidiaries that is a publicly listed company evaluated under the equity method has provided a special reserve in accordance with the above, such special reserve shall only be used if a recognition of loss from the price drop has been provided for the asset purchased or leased at a high price, or upon disposal or termination of lease, proper compensation or reinstatement of the original status of such asset, or if there is other evidence confirming that there is no unreasonableness, with the approval by the Financial Supervisory Commission.

(5-1)A special reserve shall be set aside in accordance with the first paragraph, Article 41 of the Act against the difference between the real property or right-of-use asset thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the first paragraph, Article 41 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 other company.

(5-2)Independent director members of the audit committee shall comply with Article 218 of the Company Act.

(5-3)Actions taken pursuant to the previous 2 saections shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(6)Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and subparagraphs (1), (2), and (3), third paragraph of this Article do not apply:

(6-1)The related party or right-of-use assets thereof acquired the real property through inheritance or as a gift.

(6-2)More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

(6-3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(6-4)Acquisition of real property right-of-use assets for business use between the Company and its subsidiary or among subsidiaries of which 100% outstanding shares or total capital is owned directly or indirectly by the Company.

(7)When the Company obtains real property thereof from a related party or right-of-use assets thereof, it shall also comply with subparagraph (5), third paragraph of this Article, if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 9:Procedure for Acquisition or Disposal of Intangible Assets or right-of-use assets thereof or membership

1.Evaluation Procedure

(1)To acquire or dispose of intangible assets or right-of-use assets thereof or membership, reference shall be made to the fair market price to resolve the transaction terms and transaction prices. If the amount exceeds NT$10 million, the transaction shall be approved by the chairman and shall be submitted to the board of directors.

(2) If the acquisition or disposal of assets by the Company is subject to approval by the board of directors in accordance with the procedure that it has established or other laws, and if any director voices any objection, with a record or written statement, the Company shall also submit the director's objection to audit committee. If the Company has independent directors in accordance with the Securities Exchange Act, when the transaction for acquisition or disposal of assets is submitted to the board of directors for discussion as required, the opinions of each independent director shall be fully taken into consideration. If any independent director voices any objection or reservation, it shall be specified in the minutes of the board meeting.

If an audit committee has been established in accordance with the Securities Transaction Act, transactions of major assets or derivatives shall be approved by 1/2 of all members of the audit committee and submitted to the board of directors for resolution. Paragraphs 3 and 4, Article 16 apply mutatis mutandis.

2.Processing

When the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership, an approval shall be acquired in accordance with the approval authority under the previous paragraph, followed by execution by the user department and the Finance Department or the Administration Department.

3.Expert Evaluation Opinion Report for Intangible Assets or right-of-use assets there of or membership

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership 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 Statement of Auditing Standards No. 20 published by the ARDF.

Article 9-1:The calculation of the transaction amounts referred to in Articles 6, 7, and 9 shall be done in accordance with subparagraph (5), first paragraph, Article 13, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 10:Procedure for Acquisition or Disposal of Claims of Financial Institutions

The Company does not engage in transactions for the acquisition or disposal of claims of financial institutions in principle. If it wishes to engage in transactions for the acquisition or disposal of claims of financial institutions, it shall submit such action to the board of directors for approval, followed by establishment of the evaluation and processing procedure.

Article 11: Procedure for Engaging in Derivatives Trading

1.Transaction Principles and Guidelines

(1)Type of Transactions

Derivatives traded by the Company mean forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a product such as a specific interest rate, financial tool price, product price, foreign exchange rate, price or fee rate index, credit rating or credit index or other variables, combinations of the above contracts or composite contracts or structured contracts integrating derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

(2)Operating (Hedging) Strategy

Derivatives trading engaged in by the Company shall be for hedging purposes. The transaction products shall be chosen to avoid the risks generated from the operation of the Company's business. The currencies held shall be consistent with the those actually required by the Company for import and export transactions. The principle is to balance out the global internal positions of the Company (foreign currency income and expense) in order to lower the Company's overall foreign exchange risk and to save the cost of foreign exchange operations.

(3)Division of Duties

(3-1)Execution of Transactions:

The trading staff of the Finance Department shall engage in the transactions with the banks in accordance with the authorized amount. Each transaction shall be immediately followed by a transaction form, specifying the details, which shall be signed by the executive. The positions shall be calculated and a copy of the transaction form shall be delivered to the Accounting Department.

(3-2)Transaction Confirmation and Registration:

The Accounting Department shall verify the transaction based on the copy of the transaction form prepared by the transaction unit, register the details based on the confirmed figures, prepare a statement and deliver it to the transaction unit of the Finance Department.

(3-3)Audit Department

Responsible for the appropriateness of internal control over derivatives transactions and audit compliance of the transaction department with the procedure. Analyze the transaction cycle, prepare audit reports, and report to the board of directors in case of major deficiencies.

(4)Performance Review

(4-1)The foreign exchange cost in the Company's accounts and the profit and loss generated from derivatives transactions shall be the basis for performance review.

(4-2)To fully control and reflect the evaluation risk of transactions, the Company uses monthly evaluations to assess profit and loss.

(4-3)The Finance Department shall provide the president with an evaluation of the foreign exchange positions, the trend of the foreign exchange markets, and an analysis of the market as a reference for management and instructions.

(5)Establishment of Total Contract Amount and Loss Limit

(5-1)Hedging Transactions:

Cash market transactions only, limited to 2/3 of the net foreign exchange position calculated from export minus import payment, or the import amount in the past 2 months. Daily transaction over 1/5 of such limit amount shall be authorized by the president. Transactions below 1/5 may be authorized by the finance executive.

(5-2)Investment Transactions:

The Company shall not engage in derivatives trading for investment purpose.

(5-3)Establishment of loss limit:

The purpose of hedging transactions is to avoid the risk of all import payments and not to seek foreign exchange difference. Loss limit for individual contracts shall be 10% of the transaction contract amount and the loss limit for all contracts shall be 20% of the total amount of all transaction contracts.

2.Risk Management Measures

(1)Credit Risk Management:

Variations of various factors in the market create the operating risk for derivatives. Market risk shall be managed with the following principles:

(1-1)Transaction Counterparty: Limited to renowned domestic and overseas financial institutions.

(1-2)Transaction Products: Limited to products provided by renowned domestic and overseas financial institutions.

(1-3)Transaction Amount: Outstanding transaction amount with the same transaction counterparty shall not exceed 10% of the total authorized amount, except with the approval by the president.

(2)Market Risk Management:

Focus on public foreign exchange markets provided by the banks. The futures market shall not be considered for the moment.

(3)Liquidity Risk Management:

To ensure market liquidity, choices shall be made for financial products with higher liquidity (closable at any time in the market). The entrusted financial institutions for trading must have sufficient information and the ability to carry out transactions in any market at any time.

(4)Cash Flow Risk Management:

To ensure stability of the Company's working capital, the Company shall only use its own funds as the funding source of derivatives transactions. The amount of operation shall be in consideration of the funding requirements based on cash income and expense forecast for the following 3 months.

(5)Operating Risk Management:

(5-1)Duly comply with the Company's authorized amount and procedure. Include them into internal audits to avoid procedure risks.

(5-2)Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(5-3)Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

(5-4)Derivatives trading positions held shall be evaluated at least once per week, however positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be delivered to senior management personnel authorized by the board of directors.

(6)Legal Risk Management:

Documents to be signed with financial institutions must be reviewed by foreign exchange staff and legal staff or a legal consultant before official signature in order to avoid legal risks.

3.Internal Audit System

Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.

4.Regular Evaluation

(1)The board of directors shall authorize senior management personnel to perform regular supervision and evaluation as to whether derivatives transactions have been carried out duly in accordance with the transaction procedures formulated by the Company and whether the risks undertaken are within the tolerable scope. If the market price evaluation report shows any anomaly (such as excess of loss limit), a report shall be filed with the board of directors immediately and corresponding measures shall be undertaken.

(2)All positions of derivatives transactions shall be evaluated at least once every week. Hedging transactions carried out for business needs shall be evaluated at least twice every month. The evaluation report shall be delivered to the senior management personnel authorized by the board of directors.

5.Supervision and management principles by board of directors about derivatives trading

(1)The board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. The management principles are as follows:

(1-1)Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the procedures the Procedure for Engaging in Derivatives Trading formulated by the Company.

(1-2)When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors. Where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

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

(3)The Company shall report to the earliest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures for Engaging in Derivatives Trading that it formulated.

(4)The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph (2), fourth paragraph and subparagraphs (1) and (2), fifth paragraph of this Article shall be recorded in detail in the log book.

Article 12: Procedures for Mergers, Demergers, Acquisitions or Share Transfers

1.Evaluation and Processing Procedure

(1)When the Company engages in a merger, demerger, acquisition or share transfer, it is advisable to hire attorneys, accountants, and underwriters to jointly study an estimated time schedule for the legal procedures and to organize a project team to execute the schedule in accordance with the legal procedure. Before a board meeting is held to pass a resolution, accountants, attorneys or securities underwriters shall be hired to provide opinions about the reasonableness of the share conversion ratio, purchase price, or distribution of cash or other properties among the shareholders, for submission to the board of directors for discussion and approval. However, such expert opinions about reasonableness may be waived when the Company merges with a subsidiary of which 100% of the outstanding shares or total capital amount is held by the Company or in the event of a merger among subsidiaries of which 100% of the outstanding shares or total capital amounts are held by the Company.

(2)The Company shall prepare a public report for shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include them along with the expert opinions referred to in Paragraph 1 of the preceding Article when sending a shareholders notification to the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. If the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger, or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2.Other Matters

(1)(1-1)A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(1-2)A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(1-3)When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

(1-3-1)Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

(1-3-2)Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

(1-3-3)Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the board of directors meetings.

(1-4)When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subsections iii (i) and (ii), section (1), subparagraph 2, first paragraph of this Article to the FSC for recordation.

(1-5)Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of subsections iii and iv, section (i), subparagraph 2, first paragraph of this Article.

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

(3)Principles for establishment and change of share conversion ratio or purchase price: The share conversion ratio or purchase price shall not change in principle, unless the conditions for change have been provided in the contract and have been publicly disclosed. The conditions for change of share conversion ratio or purchase price are as follows:

(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.

(3-2)An action, such as a disposal of major assets, that affects the company's financial operations.

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

(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.

(3-5)An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

(3-6)Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4)Details of contracts: In addition to compliance with Article 317-1 of the Company Act and Article 22 of the Enterprise Merger Act, contract for participation in a merger, demerger, acquisition, or of shares shall also record the following:

(4-1)Handling of breach of contract.
(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.
(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.
(4-4)The manner of handling changes in the number of participating entities or companies.
(4-5)Preliminary progress schedule for plan execution, and anticipated completion date.
(4-6)Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

(5)Change in the number of companies participating in the merger, demerger, acquisition or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer anew, 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.

(6)Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraph (1), second paragraph of this Article about the date of the board meeting, subparagraph (2) about prior confidentiality undertaking, and subparagraph (5) about the number of companies participating in the merger, demerger, acquisition, or share transfer.

Article 13:Information Disclosure Procedure

1.Details subject to public filing and threshold of public filing

(1)Acquisition or disposal of real property or right-of-use asset thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use asset 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 that this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(2)Merger, demerger, acquisition, or transfer of shares.

(3)Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures formulated by the company.

(4)Where equipment or right-of-use asset thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

(4-1)For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.

(4-2)For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.

(5)Acquisition or disposal by a public company in the construction business of real property or right-of-use asset thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million; if the company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more.

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

(7)Where an asset transaction is other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million, provided that this shall not apply to the following circumstances:

(7-1)Trading of domestic government bonds.

(7-2)Where it is done by professional investors, securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(7-3)Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(8)The amount of transactions under subparagraph (7) of the previous paragraph shall be calculated as follows. "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.

(8-1)The amount of any individual transaction.

(8-2)The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

(8-3)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use asset thereof within the same development project within the preceding year.

(8-4)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2.Deadline for Public Announcement and Reporting

In acquiring or disposing of assets which includes details subject to public announcement under this Article and if the transaction amount reaches the threshold for public announcement and reporting under this Article, the Company shall publicly announce and report the relevant information within 2 days counting inclusively from the date of occurrence of the event.

3.Procedure for Public Announcement

(1)The Company shall make public announcements and reports of the relevant information on the website designated by the Financial Supervisory Commission.

(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.

(3)When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

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

(5)Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of the 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:

(5-1)Change, termination, or rescission of a contract signed in regard to the original transaction.

(5-2)The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

(5-3)Change to the originally publicly announced and reported information.

Article 14:The Company’s subsidiaries shall follow the following:

1.The subsidiaries shall also establish and execute the Procedure for Acquisition or Disposal of Assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

2.In acquiring or disposing of any asset, the subsidiaries shall also comply with the regulations of the Company.

3.If the subsidiary is not a publicly listed company and if any acquisition or disposal of asset meets the threshold for public announcement and reporting under Article 13, the parent company shall also make public announcements or reports on behalf of such subsidiary.

4.Paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.

Article 14-1: For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 15:Penalty

If any employee of the Company breaches this procedure in the acquisition or disposal of assets, submissions for evaluation shall be made regularly in accordance with the Personnel Management Regulations and Employee Handbook of the Company, and penalties shall be imposed depending on the level of gravity.

Article 16:Implementation and Amendment

Following approval by the board of directors, the Procedure for Acquisition or Disposal of Assets by the Company shall be submitted to the shareholders' meeting for approval. The same shall be applicable in case of an amendment. If any director voices any objection, with a record or written statement, the Company shall also submit the director's objection to audit committee. If the Company has independent directors in accordance with the Securities Exchange Act, when the transaction for acquisition or disposal of assets is submitted to the board of directors for discussion as required, the opinions of each independent director shall be fully taken into consideration. If any independent director voices any objection or reservation, it shall be specified in the minutes of the board meeting.

If an audit committee has been established in accordance with the Securities Transaction Act, establishment or amendment of the Procedure for Acquisition or Disposal of Assets shall be approved by 1/2 of all members of the audit committee and submitted to the board of directors for resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

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

Article 17:Miscellaneous

Any matter that is not fully stipulated in this Procedure shall be governed by applicable law.

Appendix 4.

## Shareholdings of All Directors

Record Date：Apr. 23, 2022

| Title | Name | Number of Shares Held | |
|---|---|---|---|
| | | Number of Shares | Rate of Shareholding |
| Chairman | Ding Wan Investment and Industrial Co., Ltd. Representative: Wu Chun-I | 10,000 | 0.02% |
| Vice Chairman | Koito Manufacturing Co., Ltd. Representative: WATANABE MASAMI | 24,774,750 | 32.50% |
| Director | Koito Manufacturing Co., Ltd. Representative: KONAGAYA HIDEHARU | | |
| Director | Koito Manufacturing Co., Ltd. Representative: YAMAMOTO KAKUYA | | |
| Director | Wu Yu-Hsien | 25,101 | 0.03% |
| Director | Wu Cheng-Yuan | 0 | 0.00% |
| Independent Director | Wu Wan-I | 0 | 0.00% |
| Independent Director | Chen Hsiu-Fon | 0 | 0.00% |
| Independent Director | Ding Ze-Xiang | 0 | 0.00% |
| Minimum number of shares held by all directors according to the law | | 6,098,400 | 8.00% of total shares |
| Number of shares held by all directors | | 24,809,851 | 32.55% of total shares |