

Stock Code: 1817

SANITR CO., LTD.

Handbook for the 2022 Annual Meeting of Shareholders

(Translation)

MEETING DATE: May 26th, 2022.

**PLACE: No. 67, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City
(Conference Room, Jen Hour Restaurant)**

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Meeting Procedure

- I. Call the meeting to order
- II. Chairperson's speech
- III. Repots
- IV. Approvals
- V. Discussions
- VI. Extraordinary motions
- VII. Adjournment

Meeting Agenda

Time: Thursday, May 26, 2022 at 9:00 a.m.

Location: No. 67, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City (Conference Room, Jen Hour Restaurant)

Way of Convene: Physical shareholders' meeting

- I. Call the meeting to order (and report the total shares represented by shareholders present)
- II. Chairperson's speech
- III. Reports
 1. 2021 annual business report
 2. Audit Committee's review of the 2021 final accounting books and statements
 3. Report on the 2021 Compensation Distribution of Employees and Directors
 4. Report on amendments to certain provisions of the "Rules of Procedure for Board of Directors Meeting"
 5. Report on amendments to certain provisions of the "Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers"
 6. Report on amendments to certain provisions of the "Procedures for Ethical Management and Guidelines for Conduct"
 7. Report on the evaluation of the performance and compensation of the directors and managerial officers
- IV. Approvals
 1. 2021 business report and financial statements
 2. 2021 distribution of earnings
- V. Discussions
 1. Amendments to certain provisions of the "Articles of Incorporation"
 2. Amendments to certain provisions of the "Regulations Governing the Acquisition and Disposal of Assets"
- VI. Extraordinary motions
- VII. Adjournment

Reports

1. The 2021 annual business report is hereby submitted for examination.

Description:

For the 2021 Annual Business Report, please refer to Annex I (pages 10~14) of this handbook.

2. Audit Committee's review of the 2021 final accounting books and statements is hereby submitted for inspection.

Description:

For the Report of Audit Committee's Review, please refer to Annex II (page 15) of this handbook.

3. The report on the distribution of employees' and directors' compensation for the year 2021 is hereby submitted for review.

Description:

- 1) The provisions of Article 20 of the Company's Articles of Incorporation and Article 7 of the Organizational Rules of the Compensation Committee shall apply.
- 2) With the approval of the Compensation Committee and the resolution of the board of directors, the Company allocated employees' compensation of NT\$8,659,085 and directors' compensation of NT\$5,772,723, all of which were paid in cash.
- 3) There is no discrepancy between the above allocated amount and the estimated figure for the fiscal year these expenses are recognized.

4. The report on amendments to certain provisions of the "Rules of Procedure for Board of Directors Meeting" is hereby submitted for review.

Description:

By resolution of the board of directors, the Company amended some provisions of its "Rules of Procedure for Board of Directors Meeting," with the comparison table for the amended contents as set out in Annex IV (pages 37~38) of this handbook.

5. The report on amendments to certain provisions of the “Code of Ethical Conduct for Directors, Supervisors and Managerial officers” is hereby submitted for inspection.

Description:

By resolution of the board of directors, the Company amended some provisions of its “Code of Ethical Conduct for Directors, Supervisors and Managerial officers”, which was renamed as “Code of Ethical Conduct for Directors and Managerial officers” with the comparison table for the amended contents as set out in Annex V (page 39~42) of this handbook.

6. The report on amendments to certain provisions of the “Procedures for Ethical Management and Guidelines for Conduct” is hereby submitted for examination.

Description:

By resolution of the board of directors, the Company amended some provisions of its “Procedures for Ethical Management and Guidelines for Conduct,” with the comparison table for the amended contents as set out in Annex VI (page 43~46) of this handbook.

7. The report on the evaluation of the performance and compensation of the directors and managerial officers is hereby submitted for review.

Description:

For the report on the evaluation of the performance and compensation of the directors and managerial officers, please refer to Annex VII (pages 47~52) of this handbook.

Approvals

Motion 1 (by the Board)

Summary: The 2021 annual business report and financial statements are hereby submitted for approval.

Description:

- 1) The Company's Parent Company Only Financial Statements and Consolidated Financial Statements for the year ended December 31, 2021 have been audited by Su, Yu-siu and Weng, Bo-ren, certified public accountants of Deloitte & Touche, and an unqualified audit report has been issued. The above financial statements have been reviewed and approved by the Audit Committee, and no discrepancies have been found, and an examination report has been issued.
- 2) Please refer to Annex I (pages 10~14) and Annex III (pages 16~36) of this handbook for the business report, the accountants' review report and the financial statements for the year ended December 31, 2021, respectively.

Resolution:

Motion 2 (by the Board)

Summary: The 2021 distribution of earnings is hereby submitted for approval.

Description:

- 1) In accordance with Article 20-1 of the Company's Articles of Incorporation, a statement of distribution of earnings for the year ended December 31, 2021 is prepared and is shown on the following page.
- 2) The dividend to be distributed to shareholders is \$2.0 per share, and will be fully distributed in the form of cash dividends.
- 3) The motion was approved by the Audit Committee and the Board of Directors.

Sanitar Co., Ltd.

Profit Distribution Statements for the Year 2021

	Unit: NT\$
Item	Amount
Beginning retained earnings	328,307,465
Net profit for the period of 2021	221,368,223
Valuation of unrealized financial assets carried forward undistributed earnings	(1,297,933)
Legal reserve for 2021 (10%) (Note 6)	(22,007,029)
Reversal of special reserve set aside by law (Note 7)	900,237
Net Distributable profit for the period	527,270,963
Distribution items:	
Shareholder dividends - cash dividends of NT\$2.0 per share	(144,152,000)
Unappropriated retained earnings at end of the period	383,118,963

Notes:

1. Subject to the approval of a regular shareholders' meeting, the Board is authorized to fix an ex-dividend date and other related matters.
2. Cash dividends to be distributed are rounded to the whole dollar amount, with a fraction of the amount being included in other income of the Company.
3. The amount of dividends to be distributed among shareholders is based on the number of 72,076,000 shares outstanding as of February 25, 2022 (after deducting 524,000 treasury shares).
4. In the event that the number of outstanding shares is affected by subsequent changes in the Company's share capital, resulting in a change in the shareholders' dividend distribution rate to be revised, it is proposed that the shareholders' meeting authorize the board of directors to exercise its full authority to address the issue.
5. The amount of the surplus for 2021 is given priority for distribution.
6. According to the Rule No.10802432410 issued by the Ministry of Economic Affairs on January 9, 2020, the basis accounting standard of the legal reserve was modified as unappropriated earnings taken into consideration profit before income tax and items other than profit before income tax.
7. As stipulated in Article 41 of the Securities and Exchange Act, a special reserve should be set aside for the deduction amount in shareholders' equity recorded in the current year. The accumulated debit balances of exchange differences resulting from translating the financial statements of a foreign operation at the beginning of the period is NT\$234,720,937 while the accumulated debit balances at the end of the period is NT\$236,558,688. The unrealized valuation gain or loss

on equity instruments measured at fair value through other comprehensive income was NT\$2,737,988. Therefore, a special reserve of NT\$900,237 is proposed to be set aside in this earnings distribution.

Chairperson:

Managerial Officer:

Accounting Supervisor:

Resolution:

Discussions

Motion 1 (by the Board)

Summary: Amendments to certain provisions of the “Articles of Incorporation” is hereby submitted for approval.

Description:

- 1) In order to comply with the relevant laws and regulations and to consider the operational needs of the Company, certain provisions of the Company’s “Articles of Incorporation” are proposed to be amended.
- 2) Please refer to Annex VIII (page 53) of this handbook for the comparison table of “Articles of Incorporation” before and after amendments.

Resolution:

Motion 2 (by the Board)

Summary: Amendments to certain provisions of the “Regulations Governing the Acquisition and Disposal of Assets”

Description:

- 1) In order to comply with the relevant laws and regulations and to consider the operational needs of the Company, certain provisions of the Company’s “Regulations Governing the Acquisition and Disposal of Assets” are proposed to be amended.
- 2) Please refer to Annex IX (pages 54~60) of this handbook for the comparison table of “Regulations Governing the Acquisition and Disposal of Assets” before and after amendments.

Resolution:

Extraordinary Motion

Adjournment

Annex

I. 2021 Annual Business Report

Sanitar Co., Ltd.

2021 Annual Business Report

1. Operating Performance in 2021

(1) Business Plan Implementation Results

For the year ended December 31, 2021, the Company's consolidated operating revenues were NT\$2,372,638 thousand, a increase of 2.87% compared to NT\$2,306,521 thousand for the year ended December 31, 2020; consolidated net income was NT\$224,848 thousand, an increase of 2.18% compared to NT\$220,056 thousand for the year ended December 31, 2020; consolidated earnings per share was NT\$3.07. Consolidated operating income remained at the same level as the same period last year. Many retail stores in Vietnam were temporarily closed due to the impact of the epidemic, which affected operating income and gross profit. In Taiwan, both sales and profits increased due to favorable performance of the new housing business and the public project business, resulting in an increase in consolidated net income compared to the same period last year.

(2) Budget implementation

The Company did not publicly disclose its financial forecast in 2021.

(3) Financial situation and profitability analysis

Unit: NT\$ thousands

Fiscal year Item		FY2020	FY2021	Percentage increase (decrease)	
Financial situation	Operating revenue	2,306,521	2,372,638	2.87	
	Gross operating profit	734,168	797,551	8.63	
	Net operating profit	289,046	284,964	-1.41	
	Net profit before tax	289,575	287,706	-0.65	
Profitability	Return on assets (%)		8.92	8.73	-2.13
	Return on equity (%)		12.91	12.78	-1.01
	Ratio to paid-in capital (%)	Operating profit	39.81	39.25	-1.41
		Pretax profit margin	39.89	39.63	-0.65
	Profit margin (%)		9.54	9.48	-0.63
	Earnings per share (NT\$)		3.04	3.07	0.99

(4) Research and development status

Our research and development can be divided into two main areas, one is the improvement of production process and the other is the development of new products.

1. Production process improvement

- (1) The one-piece toilet and medium and large toilets are glazed inside the lead-in pipe to make the inside of the pipe less dirty and to improve the flushing efficiency.
- (2) Optimize the glaze of porcelain to improve the surface anti-pollution efficiency and the brightness of porcelain glaze.
- (3) Complete automatic ceramic body feeding system from high pressure production to oil inspection section.

2. New Product Development

- (1) For example, the urinal combines the new generation of intelligent ion sensor technology, ozone sterilization and deodorization technology, Microbubble micro bubble shower to achieve deep skin cleansing and moisturizing effect, and the development of intelligent toilet and intelligent toilet cover with advanced functions. In the future, we will work together with Biophysical to develop a series of long-lasting germ-killing and cleaning related products for the development of technological sanitary ware.
- (2) In response to the development of the epidemic and the improvement of people's quality of life, we have developed a series of ozone sterilization products (urinal flush and sensor faucet) for public spaces to improve the quality of public hygiene. In response to the development of the epidemic,
- (3) In response to the mainstream market trend of environmental concepts, we have started to develop the lead-free faucets. In response to the development of the epidemic, we developed the anti-bacteria surface treatment of faucets.
- (4) The product design is developing towards the concept of serialization and overall bathroom space supporting, and the product items are streamlined, eliminating old styles and moving towards a fashionable and simple style.
- (5) In response to the mainstream market trend of bathroom storage and basin cabinet set in the future, our company has developed various new FFC cabinet basins with FFC

technology in 2018. After the production of the bath cabinet factory, the modular design has the advantage of lowering the cost and speeding up the development of styles and speed. The development of new products will continue to develop new products that meet the needs of the market through the concepts of color diversification, combination and matching, and space expansion.

2. Business Plan for 2022

(1) Business objectives

1. We continue to refine our production technology and actively develop new products and innovative designs to enhance product quality and value.
2. To increase customer satisfaction, we combine product advantages, flexible combination solutions and prompt service to become the best choice for consumers.
3. We attach importance to talent training, create a good working environment and development system, and cultivate talents as the cornerstone of sustainable management.
4. We care about environmental protection, use green technology to reduce the consumption of electricity and water resources, improve the product manufacturing process to reduce the impact on the environment, protect the health of consumers, and do our part for the earth.
5. The company operates with integrity and pragmatism, and upholds the business philosophy of "quality first and customer satisfaction", continuously investing in product development and innovation to bring consumers affordable luxury bathing experience, and sharing the business results with shareholders, employees and the public, gradually enhancing corporate value.

(2) Sales forecast and its basis

The Company did not publicly disclose its financial forecast for 2022.

(3) Important Production and Marketing Policies

1. The bath cabinet factory and the faucet factory have been completed and opened. When the production capacity is gradually put in place, the benefits are expected to ferment and further increase the sales revenue of the ceramics and faucet fixtures.
2. By utilizing FFC's technological advantages, we are able to

manufacture high-end technology products and increase the price range of our products in order to position ourselves in the high-priced market.

3. We also set up production plans, coordinate with sales policies and sales forecasts, effectively control the quantity and amount of inventory, provide sufficient safety stock, and eliminate ineffective and stagnant inventory in a timely manner.
4. Through media advertisements and the establishment of physical showrooms, the Company has been able to showcase its achievements in manufacturing technology in recent years and has developed a wide range of high quality basins, custom-made bath cabinets and technological bath products to boost consumers' desire to purchase Caesar sanitary ware products and stimulate the growth of sales revenue.

3. Future growth strategy for the Company

The Company has been developing its production, sales and research and development capabilities in a stable and sound manner under the important premise of risk control. Vietnam is a member of the non-tariff organization of the Association of Southeast Asian Nations (ASEAN) and has actively signed economic cooperation agreements with other countries around the world. The ASEAN Free Trade Area has gradually entered into zero tariff since 2014.

We will continue to expand into the Southeast Asian market. Currently, we have local agents in Cambodia, the Philippines and Malaysia to operate our brand business, and we will continue to develop agents in Singapore, Indonesia and Myanmar, and we are planning to expand our OEM business in Europe and the U.S., so that we can develop our brand and OEM business in a dual way to gain a larger market share.

4. The impact of the external competitive environment, regulatory environment and macroeconomic conditions

Although the VND has been depreciated in recent years due to the influence of the U.S. monetary policy, the international political and economic situation is expected to become more stable in the future, and the VND will slowly appreciate slightly, which is expected to reduce the impact of exchange rate differences. Sales and profits decreased due to the impact of COVID-19 at Q3 in 2021. Sales and profits are planned to increase since Q4, although there is still some impact of the COVID-19

pandemic in Vietnam.

Looking at the overall environment in Taiwan, real estate sales are growing steadily, and the recovery of the construction industry is driving demand for bathroom equipment and the momentum of the repair market. Both sales and profits are planned to increase due by continuing to increase the new housing business, the public project business and a series of new brand of products.

In recent years, the Company has continued to focus on the development of energy-saving and carbon-reducing green energy products and long-lasting anti-bacterial cleaning technologies, increasing the number of products in the environmental protection and technology categories, and applying innovative technologies in the field of life, in order to increase business revenue and fulfill social responsibility.

In view of the increasingly fierce competition in the bathroom industry, enterprises that fail to keep up with the changes of the times will certainly face elimination. Therefore, the company will always respond to changes in the environment, laws and regulations, and the overall economy by pursuing more rapid response capabilities, strengthening the development of high-value products, improving product quality, reducing competition from inferior products at reduced prices, and deepening customers' trust in the brand image so that Caesar will become a sustainable enterprise, and strive to achieve a sustainable business in 2021.

Finally, we would like to thank our shareholders once again for their support and encouragement to Sanitar Co., Ltd. and send our best wishes.

Best wishes

Good health, all the best

Chairperson
HSIAO,
CHUN-HSIANG

II. Report of Audit Committee's Review

Report of Audit Committee's Review

The Board of Directors has prepared the 2021 Business Report, Financial Statements and the proposal of Earning Distribution. The Financial Statements have been duly audited by the CPA SU, YU-HSIU and CPA WENG, PO-JEN serving at Deloitte Taiwan and the relative report has been issued accordingly. The Audit Committee reviewed the above mentioned Business Report, Financial Statements and the proposal of Earning Distribution with the comment of accuracy and correct. By the regulation of the Article 14-4 of the Securities and Exchange Act and the Article 219 of Company Act, the Audit Committee's Review Report was submitted for review.

Sincerely Yours,

2022 Annual Shareholders Meeting

SANITAR CO., Ltd.

Audit Committee

Chairman: Ho, Cheng-Wei

Feb. 25th, 2022

III. Accountant's Audit Reports and 2021 Financial Statements

Accountant's Audit Report

To Sanitar Co., Ltd.:

Audit opinion

I have audited the financial statements of Sanitar Co., Ltd. and Its Subsidiaries, which comprise the Consolidated Statements of Financial Position as at Dec. 31, 2021 and Dec. 31, 2020, the Consolidated Statements of Comprehensive Income from Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Consolidated Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of the Sanitar Co., Ltd. and Its Subsidiaries as of December 2021 and 2020 and of the financial performance, changes in equity and cash flows of Sanitar Co., Ltd. and Its Subsidiaries from January 1 to December 31, 2021 and 2020.

Basis for audit opinion

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of Sanitar Co., Ltd. and Its Subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for 2021. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for 2021:

Key Audit Matter: Authenticity in Sales to Specific Customers

Due to the significant audit risk associated with the revenue recognition under auditing standards, Sanitar Co., Ltd. and Its Subsidiaries are mainly dealing with distributors and have added significant sales from specific non-distributor customers, therefore, based on the consideration of the materiality of the financial statements, the authenticity in sales revenue from specific customers with high order amounts and significant new sales in the current year is considered as a key audit matter. Please refer to Notes 4(11) and 19 to the Parent Company Only Financial Statements.

In connection with the above key matter, I conducted the following principal audit procedures:

1. To understand, evaluate and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. To obtain a detailed sales breakdown from specific customers in fiscal 2021, verify the original orders, delivery notes, invoices and other related documents of the relevant transactions, and verify with the recorded amounts to confirm the authenticity of the revenues.
3. To obtain a breakdown of subsequent sales returns from specific customers, verify the related documents and examine the reasonableness of the returns.

Other Matters

Sanitar Co., Ltd. has prepared its Parent Company Only Financial Statements for the years ended December 31, 2021 and 2020, and I have provided my unqualified opinion on those statements for reference.

Responsibilities of management and directors for the consolidated financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced effectiveness by FSC, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

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

The responsibilities of the governing body (including supervisors) include overseeing the financial reporting process of Sanitar Co., Ltd. and Its Subsidiaries

Auditors' responsibilities for the audit of the consolidated financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Sanitar Co., Ltd. and Its Subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of Sanitar Co., Ltd. and Its Subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sanitar Co., Ltd. and Its Subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the consolidated financial information of Sanitar Co., Ltd. and Its Subsidiaries to express an opinion on the Consolidated Financial Statements. I am responsible for the guidance, supervision and

execution of the audit and for forming an audit opinion on Sanitar Co., Ltd. and Its Subsidiaries.

I communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal controls that we identify during our audit).

I have also provided the governing body with a statement that the independence-regulated personnel of the firm to which I am affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

I have determined the key audit matter for the audit of the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for the year ended December 31, 2021 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

Accountant SU, YU-XIU

Accountant WENG, BO-REN

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi

No.1040024195

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi

No. 1010028123

Feb. 25th, 2022

Sanitar Co., Ltd. and Its Subsidiaries
Consolidated Statement of Financial Position
Dec. 31, 2021 & 2020

		Unit: NT\$ thousands			
Code	Assets	Dec. 31, 2021		Dec. 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note IV, VI and XXV)	\$ 268,186	10	\$ 164,816	6
1136	Financial assets measured at amortized cost – current (Note IV, VIII and XXV)	64,709	2	56,199	2
1150	Notes receivable, net (Note IV, IX and XXV)	20,064	1	13,804	1
1170	Net value of accounts receivable (Note IV, IX, XX and XXV)	279,161	10	226,984	9
1180	Accounts receivable—Related parties, net (Note IV, IX, XX, XXV and XXVI)	5,698	-	4,201	-
1200	Other accounts receivable (Note IV and XXV)	1,156	-	2,257	-
1210	Other accounts receivable—Related parties (Note XXV and XXVI)	14	-	5	-
130X	Inventory (Note IV, X and XXVII)	740,245	27	652,151	26
1419	Other prepaid expenses	8,780	-	9,505	-
1421	Prepayments for goods	42,906	2	30,751	1
1479	Other current assets—other (Note XV)	13,441	1	12,510	1
11XX	Total of current assets	1,444,360	53	1,173,183	46
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note IV, VII and XXV)	-	-	262	-
1600	Property, plant and equipment (Note IV, XII, XXVII and XXVIII)	993,295	36	1,096,721	43
1755	Right-of-use assets (Note IV and XIII)	134,966	5	136,307	5
1780	Intangible assets (Note IV and XIV)	11,472	-	5,474	-
1840	Deferred income tax assets (Note IV and XXII)	67,368	3	63,646	3
1915	Prepayments for business facilities (Note XXVIII)	48,701	2	45,474	2
1920	Refundable deposits	8,980	-	7,754	-
1990	Other non-current assets—other (Note XV)	19,706	1	20,192	1
15XX	Total of non-current assets	1,284,488	47	1,375,830	54
1XXX	Total assets	\$ 2,728,848	100	\$ 2,549,013	100
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVI and XXV)	\$ 246,619	9	\$ 344,442	14
2130	Contract liabilities - current (Note IV and XX)	18,212	1	5,412	-
2170	Accounts payable (Note XVII and XXV)	138,436	5	70,200	3
2200	Other payables (Note XVIII and XXV)	124,038	4	107,290	4
2230	Current income tax liabilities (Note IV, XX and XXV)	26,358	1	51,373	2
2280	Lease liabilities - current (Note IV and XIII)	15,850	1	12,919	1
2320	Long-term liabilities-current portion (Note XVI and XXV)	27,143	1	-	-
2399	Other current liabilities—other (Note XXV)	5,430	-	8,404	-
21XX	Total of current liability	602,086	22	600,040	24
	Non-current liabilities				
2540	Long-term loans (Note XVI and XXV)	87,870	3	-	-
2570	Deferred income tax liabilities (Note IV and XXII)	174,692	7	170,786	7
2580	Lease liabilities - non-current (Note IV and XIII)	61,675	2	62,402	2
2645	Deposits received	317	-	258	-
25XX	Total of non-current liability	324,494	12	233,446	9
2XXX	Total liability	926,580	34	833,486	33
	Equity attributable to the owners of the Company (Note IV, XIX and XXII)				
	Share capital				
3110	Common shares	726,000	27	726,000	29
3200	Additional paid-in capital	277,452	10	277,452	11
	Retained earnings				
3310	Legal reserve	242,577	9	220,568	9
3320	Special reserve	237,459	9	166,030	6
3350	Unappropriated retained earnings	548,378	20	565,898	22
3300	Total retained earnings	1,028,414	38	952,496	37
3400	Other equity	(236,559)	(9)	(237,459)	(9)
3500	Treasury shares	(15,674)	(1)	(15,674)	(1)
31XX	Total liabilities of the owners of the Company	1,779,633	65	1,702,815	67
36XX	Non-controlling interests	22,635	1	12,712	-
3XXX	Total liabilities	1,802,268	66	1,715,527	67
	Total of liability and equity	\$ 2,728,848	100	\$ 2,549,013	100

The accompanying notes are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

Sanitar Co., Ltd. and Its Subsidiaries
Consolidated Statement of Comprehensive Income
From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Code		Except the earnings per share are in NT\$			
		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Note IV, XX and XXVI)				
4110	Sales revenue	\$ 2,410,518	101	\$ 2,347,987	102
4170	Sales return	(7,417)	-	(9,273)	(1)
4190	Sales allowances	(45,441)	(2)	(46,362)	(2)
4800	Other operating revenue	<u>14,978</u>	<u>1</u>	<u>14,169</u>	<u>1</u>
4000	Total operating revenue	<u>2,372,638</u>	<u>100</u>	<u>2,306,521</u>	<u>100</u>
	Operating costs (Note X and XXI)				
5110	Cost of sales	(1,525,657)	(64)	(1,522,765)	(66)
5800	Other operating costs	(<u>49,430</u>)	(<u>2</u>)	(<u>49,588</u>)	(<u>2</u>)
5000	Total operating costs	(<u>1,575,087</u>)	(<u>66</u>)	(<u>1,572,353</u>)	(<u>68</u>)
5900	Gross operating profit	<u>797,551</u>	<u>34</u>	<u>734,168</u>	<u>32</u>
	Operating expenses (Note XXI)				
6100	Marketing expenses	(302,110)	(13)	(255,241)	(11)
6200	Management expenses	(181,028)	(8)	(169,215)	(8)
6300	R&D expenses	(22,831)	(1)	(17,706)	(1)
6450	Expected credit losses	(<u>4,249</u>)	-	(<u>2,329</u>)	-
6000	Total operating expenses	(<u>510,218</u>)	(<u>22</u>)	(<u>444,491</u>)	(<u>20</u>)
6500	Other income and expenses, net (Note XXI)	(<u>2,369</u>)	-	(<u>631</u>)	-
6900	Net operating profit	<u>284,964</u>	<u>12</u>	<u>289,046</u>	<u>12</u>
	Non-operating income and expenses (Note IV)				
7100	Interest income	3,731	-	4,779	-
7110	Rental income	530	-	530	-
7190	Other income	1,663	-	1,733	-
7230	Foreign exchange gain	3,971	-	1,740	-
7510	Interest expense	(7,073)	-	(8,125)	-
7590	Miscellaneous expenses	(<u>80</u>)	-	(<u>128</u>)	-
7000	Non-operating Total income and expenses	<u>2742</u>	-	<u>529</u>	-

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net income before tax	\$ 287,706	12	\$ 289,575	12
7950	Income tax expense (Note IV and XXII)	(62,858)	(3)	(69,519)	(3)
8000	Net income in the term	<u>224,848</u>	<u>9</u>	<u>220,056</u>	<u>9</u>
	Other comprehensive income (Note IV, XIX and XXII)				
8310	Items that will not be reclassified to profit or loss:				
8316	Investment in equity instruments measured at Unrealized gains or losses measured at FVTOCI	1,440	-	(2,738)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(2,297)	-	(85,866)	(4)
8399	income tax related to the items that may be reclassified	<u>459</u>	<u>-</u>	<u>17,173</u>	<u>1</u>
8300	Other comprehensive income in the term (net value after tax)	(398)	-	(71,431)	(3)
8500	Total comprehensive income in the term	<u>\$ 224,450</u>	<u>9</u>	<u>\$ 148,625</u>	<u>6</u>
	Net income attributable to:				
8610	The owners of the Company	\$ 221,368	9	\$ 220,092	10
8620	Non-controlling interests	<u>3,480</u>	<u>-</u>	(36)	-
8600		<u>\$ 224,848</u>	<u>9</u>	<u>\$ 220,056</u>	<u>10</u>
	The total comprehensive income attributed to:				
8710	The owners of the Company	\$ 220,970	9	\$ 148,663	6
8720	Non-controlling interests	(3,480)	-	(38)	-
8700		<u>\$ 224,450</u>	<u>9</u>	<u>\$ 148,625</u>	<u>6</u>
	Earnings per share (Note XXIII)				
9750	Basic	<u>\$ 3.07</u>		<u>\$ 3.04</u>	
9850	Diluted	<u>\$ 3.06</u>		<u>\$ 3.03</u>	

The accompanying notes are part of the consolidated financial report.

Sanitar Co., Ltd. and Its Subsidiaries
Consolidated Statement of Change in Equity
From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

		Equity attributable to the owners of the Company											
		Share capital			Retained earnings			Other equity					
Code		Number of shares (1,000 shares)	Amount	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
A1	Balance as of Jan. 1, 2020	72,600	\$ 726,000	\$ 277,452	\$ 202,583	\$ 146,675	\$ 506,566	(\$ 166,030)	\$ -	\$ -	\$ 1,693,246	\$ 11	\$ 1,693,257
	Appropriation and distribution of earnings in 2019												
B1	Legal reserve	-	-	-	17,985	-	(17,985)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	19,355	(19,355)	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(123,420)	-	-	-	(123,420)	-	(123,420)
O1	Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	(1)	(1)
D1	Net income in 2020	-	-	-	-	-	220,092	-	-	-	220,092	(36)	220,056
D3	Other comprehensive income after tax, 2020	-	-	-	-	-	-	(68,691)	(2,738)	-	(71,429)	(2)	(71,431)
D5	The total comprehensive income in 2020	-	-	-	-	-	220,092	(68,691)	(2,738)	-	148,663	(38)	148,625
E1	Cash capital increase	-	-	-	-	-	-	-	-	-	-	12,740	12,740
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	(15,674)	(15,674)	-	(15,674)
Z1	Balance as of Dec. 31, 2020	72,600	726,000	277,452	220,568	166,030	565,898	(234,721)	(2,738)	(15,674)	1,702,815	12,712	1,715,527
	Appropriation and distribution of earnings in 2020												
B1	Legal reserve	-	-	-	22,009	-	(22,009)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	71,429	(71,429)	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(144,152)	-	-	-	(144,152)	-	(144,152)
D1	Net income for 2021	-	-	-	-	-	221,368	-	-	-	221,368	3,480	224,848
D3	Other comprehensive income after tax, 2021	-	-	-	-	-	-	(1,838)	1,440	-	(398)	-	(398)
D5	The total comprehensive income in 2021	-	-	-	-	-	221,368	(1,838)	1,440	-	220,970	3480	224,450
Q1	Disposal of investments in equity instrument designated at fair value through other comprehensive income	-	-	-	-	-	(1,298)	-	1,298	-	-	-	-
E1	Cash capital increase	-	-	-	-	-	-	-	-	-	-	6,443	6,443
Z1	Balance as of Dec. 31, 2021	72,600	\$ 726,000	\$ 277,452	\$ 242,577	\$ 237,459	\$ 548,378	(\$ 236,559)	\$ -	(\$ 15,674)	\$ 1,779,633	\$ 22,635	\$ 1,802,268

The accompanying notes are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Code		2021	2020
	Cash flow from operating activities		
A10000	Net income before tax in the term	\$ 287,706	\$ 289,575
A20010	Income charges (credits)		
A20100	Depreciation expense	106,749	107,789
A20200	Amortization expense	2,664	2,004
A20300	Expected credit losses	4,249	2,329
A20900	Interest expense	7,073	8,125
A21200	Interest income	(3,731)	(4,779)
A22300	Impairment losses on investment accounted for using equity method	3,183	-
A22500	Net income from the disposal and obsolescence of property, plant and equipment	(919)	(91)
A23800	Gains on inventory value recoveries	8,700	2,427
A29900	Profit from lease modification	-	(244)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(6,260)	715
A31150	Accounts receivable	(56,447)	(2,512)
A31160	Accounts receivable-related parties	(1,497)	(782)
A31180	Other receivables	1,100	580
A31190	Other receivables-related parties	(9)	-
A31200	Inventory	(96,794)	(142,029)
A31220	Other prepaid expenses	725	(1,681)
A31230	Prepayments	(12,155)	(23,267)
A31240	Other current assets	(931)	(5,467)
A31990	Overdue receivables	21	-
A32125	Contract liabilities - current	12,800	(3,302)
A32150	Accounts payable	68,236	(21,310)
A32180	Other payables	16,783	(5,904)
A32230	Other current liabilities	(2,974)	4,953
A33000	Cash from operating activities	338,272	207,129
A33100	Interests received	3,732	4,778
A33300	Interests paid	(7,108)	(8,182)
A33500	Income tax paid	(87,356)	(33,113)
AAAA	Net cash inflow from operating activities	<u>247,540</u>	<u>170,612</u>

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Code		2021	2020
	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	-	(3,000)
B00040	Increase in financial assets measured at amortized cost	(8,510)	(9,311)
B01800	Purchase of interests in long-term investments accounted for using equity method	(2,694)	-
B02700	Purchase of property, plant and equipment	(28,098)	(38,484)
B02800	Price for the disposal of property, plant and equipment	46,515	348
B03700	Increase in refundable deposits	(1,226)	(875)
B03800	Decrease in refundable deposits	-	240
B04500	Acquisition of intangible assets	(631)	(1,197)
B06700	Increase in other non-current assets	(7,547)	(5,166)
B07100	Increase in prepayments for business facilities	(3,227)	(4,676)
BBBB	Net cash outflow from investing activities	(5,418)	(62,121)
	Cash flow from financing activities		
C00100	Increase in short-term loans	-	523,302
C00200	Decrease in short-term loans	(97,823)	(525,000)
C01600	Proceeds from long-term debt	130,000	-
C01700	Repayments of long-term debt	(15,047)	-
C04020	Repayment of lease principal	(14,784)	(15,747)
C04500	Payment of dividends for the owners of the Company	(144,152)	(123,420)
C04900	Redemption cost for treasury shares	-	(15,674)
C05800	Payment of cash dividends for non-controlling interests	-	(1)
C09900	Increase in non-controlling interests	6,443	12,740
CCCC	Net cash outflow from financing activities	(135,363)	(143,800)
DDDD	Effect of the changes in exchange rate on cash and cash equivalents	(3,389)	(38,441)
EEEE	Increase (decrease) in cash and cash equivalents	103,370	(73,750)
E00100	Beginning balance of cash and cash equivalents	164,816	238,566
E00200	Ending balance of cash and cash equivalents	\$ 268,186	\$ 164,816

The accompanying notes are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

Accountant's Audit Report

To Sanitar Co., Ltd.:

Audit opinion

I have audited the financial statements of Sanitar Co., Ltd. and Its Subsidiaries, which comprise the Consolidated Statements of Financial Position as of Dec. 31, 2021 and Dec. 31, 2020, the Consolidated Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Consolidated Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of the Sanitar Co., Ltd. and Its Subsidiaries as of December 2021 and 2020 and of the financial performance, changes in equity and cash flows of Sanitar Co., Ltd. and Its Subsidiaries from January 1 to December 31, 2021 and 2020.

Basis for audit opinion

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of Sanitar Co., Ltd. and Its Subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for 2021. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for 2021:

Key Audit Matter: Authenticity in Sales to Specific Customers

Due to the significant audit risk associated with the revenue recognition under auditing standards, Sanitar Co., Ltd. and Its Subsidiaries are mainly dealing with distributors and have added significant sales from specific non-distributor customers, therefore, based on the consideration of the materiality of the financial statements, the authenticity in sales revenue from specific customers with high order amounts and significant new sales in the current year is considered as a key audit matter. Please refer to Notes 4 (11) and 19 to the Parent Company Only Financial Statements.

In connection with the above key matter, I conducted the following principal audit procedures:

1. To understand, evaluate and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. To obtain a detailed sales breakdown from specific customers in fiscal 2021, verify the original orders, delivery notes, invoices and other related documents of the relevant transactions, and verify with the recorded amounts to confirm the authenticity of the revenues.
3. To obtain a breakdown of subsequent sales returns from specific customers, verify the related documents and examine the reasonableness of the returns.

Other Matters

Sanitar Co., Ltd. has prepared its Parent Company Only Financial Statements for the years ended December 31, 2021 and 2020, and I have provided my unqualified opinion on those statements for reference.

Responsibilities of management and directors for the consolidated financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced effectiveness by FSC, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

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

The responsibilities of the governing body (including supervisors) include overseeing the financial reporting process of Sanitar Co., Ltd. and Its Subsidiaries.

Auditors' responsibilities for the audit of the consolidated financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement

caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.

2. Obtain an understanding of internal controls 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 internal control effectiveness of Sanitar Co., Ltd. and Its Subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of Sanitar Co., Ltd. and Its Subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sanitar Co., Ltd. and Its Subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the consolidated financial information of Sanitar Co., Ltd. and Its Subsidiaries to express an opinion on the Consolidated Financial Statements. I am responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Sanitar Co., Ltd. and Its Subsidiaries.

I communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal controls that we identify during our audit).

I have also provided the governing body with a statement that the independence-regulated personnel of the firm to which I am affiliated have

complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

I have determined the key audit matter for the audit of the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for the year ended December 31, 2021 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

Accountant SU, YU-XIU

Accountant WENG, BO-REN

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi

No.1040024195

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi

No. 1010028123

Feb. 25th, 2022

Sanitar Co., Ltd.
Parent Company Only Statement of Financial Position
As of Dec. 31, 2021 and Dec. 31, 2020

Unit: NT\$ thousands

C o d e	Assets	Dec. 31, 2021		Dec. 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note IV, VI and XXIV)	\$ 151,415	6	\$ 53,805	2
1150	Notes receivable, net (Note IV, VIII and XXIV)	14,864	1	13,804	1
1160	Notes receivable due from related parties (Note IV, VIII and XXV)	100	-		
1170	Net value of accounts receivable (Note IV, VIII, XIX and XXIV)	182,507	7	163,618	7
1180	Accounts receivable — Related parties, net (Note IV, VIII, XIX, XXIV and XXV)	28,503	1	8,373	1
1200	Other receivables (Note IV and XXIV)	469	-	304	-
1210	Other receivables — related parties (Note IV, XXIV and XXV)	53,607	2	30,251	1
130X	Inventory (Note IV and IX)	251,105	10	164,705	7
1419	Other prepaid expenses	3,319	-	2,185	-
1421	Prepayments	11,307	1	11,848	1
1479	Other current assets — Other (Note XIV)	1,170	-	2,160	-
11XX	Total current assets	<u>698,366</u>	<u>28</u>	<u>451,053</u>	<u>20</u>
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note VII and XXIV)	-	-	262	-
1550	Investment accounted for using the equity method (Note IV and X)	1,262,911	51	1,238,720	54
1600	Property, plant and equipment (Note IV, XI and XXVI)	437,920	17	500,848	22
1755	Right-of-use assets (Note IV and XII)	25,046	1	35,636	1
1780	Intangible assets (Note IV and XIII)	648	-	1,009	-
1840	Deferred income tax assets (Note IV and XXI)	64,994	3	62,653	3
1920	Refundable deposits	5,573	-	4,720	-
1990	Other non-current assets — other (Note VIII and XIV)	-	-	-	-
15XX	Total non-current assets	<u>1,797,092</u>	<u>72</u>	<u>1,843,848</u>	<u>80</u>
1XXX	Total assets	<u>\$ 2,495,458</u>	<u>100</u>	<u>\$ 2,294,901</u>	<u>100</u>
Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XV and XXIV)	\$ 178,000	7	\$ 233,000	10
2130	Contract liabilities - current (Note IV and XIX)	8,131	-	2,492	-
2170	Accounts payable (Note XVI and XXIV)	95,190	4	33,542	2
2180	Accounts payable — related parties (Note XVI, XXIV and XXV)	21,305	1	-	-
2200	Other payables (Note XVII and XXIV)	72,165	3	61,886	3
2230	Current income tax liabilities (Note IV, XXI and XXIV)	21,813	1	46,972	2
2280	Lease liabilities - current (Note IV, XII and XXIV)	10,752	1	10,095	-
2320	Long-term liabilities-current portion (Note XV and XXIV)	27,143	1	-	-
2399	Other current liabilities — other (Note XXIV)	3,796	-	7,533	-
21XX	Total current liabilities	<u>438,295</u>	<u>18</u>	<u>395,520</u>	<u>17</u>
	Non-current liabilities				
2540	Long-term loans (Note XVI and XXIV)	87,810	3	-	-
2570	Deferred income tax liabilities (Note IV and XXI)	174,672	7	170,766	8
2580	Lease liabilities - non-current (Note IV, XII and XXIV)	15,048	1	25,800	1
25XX	Non-Total current liabilities	<u>277,530</u>	<u>11</u>	<u>196,566</u>	<u>9</u>
2XXX	Total liabilities	<u>715,825</u>	<u>29</u>	<u>592,086</u>	<u>26</u>
	Equity (Note IV, XVIII and XXI)				
	Share capital				
3110	Common shares	726,000	29	726,000	32
3200	Additional paid-in capital	277,452	11	277,452	12
	Retained earnings				
3310	Legal reserve	242,577	10	220,568	9
3320	Special reserve	237,459	9	166,030	7
3350	Unappropriated retained earnings	548,378	22	565,898	25
3300	Total retained earnings	<u>1,028,414</u>	<u>41</u>	<u>952,496</u>	<u>41</u>
3400	Other equity	(236,559)	(9)	(237,459)	(10)
3500	Treasury shares	(15,674)	(1)	(15,674)	(1)
3XXX	Total liabilities	<u>1,779,633</u>	<u>71</u>	<u>1,702,815</u>	<u>74</u>
	Total liabilities and equity	<u>\$ 2,495,458</u>	<u>100</u>	<u>\$ 2,294,901</u>	<u>100</u>

The accompanying notes are part of the parent company only financial statements.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

Sanitar Co., Ltd.

Parent Company Only Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands,

Except the earnings per share are in NT\$

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Note IV, XIX and XXV)				
4110	Sales revenue	\$ 1,603,916	99	\$ 1,466,621	100
4170	Sales return	(4,980)	-	(7,017)	(1)
4190	Sales allowances	(17,930)	(1)	(17,284)	(1)
4800	Other operating revenue	<u>29,018</u>	<u>2</u>	<u>29,076</u>	<u>2</u>
4000	Total operating revenue	<u>1,610,024</u>	<u>100</u>	<u>1,471,396</u>	<u>100</u>
	Operating costs (Note VIII, XX and XXV)				
5110	Cost of sales	(1,053,004)	(66)	(979,919)	(67)
5800	Other operating costs	(48,443)	(3)	(45,579)	(3)
5000	Total operating costs	(<u>1,101,447</u>)	(<u>69</u>)	(<u>1,025,498</u>)	(<u>70</u>)
5900	Gross operating profit	<u>508,577</u>	<u>31</u>	<u>445,898</u>	<u>30</u>
5910	Unrealized profit from sales	(<u>3,599</u>)	-	-	-
5950	Gross profit from operations	<u>504,978</u>	<u>31</u>	<u>445,898</u>	<u>30</u>
	Operating expenses (Note XX)				
6100	Marketing expenses	(148,452)	(9)	(125,529)	(8)
6200	Management expenses	(85,158)	(5)	(86,758)	(6)
6300	R&D expenses	(10,264)	(1)	(8,003)	(1)
6450	Expected credit losses	(<u>3,940</u>)	-	(<u>2,270</u>)	-
6000	Total operating expenses	(<u>247,814</u>)	(<u>15</u>)	(<u>222,560</u>)	(<u>15</u>)
6500	Other income and expenses, net (Note XX)	(<u>2,369</u>)	-	(<u>822</u>)	-
6900	Net operating profit	<u>254,795</u>	<u>16</u>	<u>222,516</u>	<u>15</u>
	Non-operating income and expenses (Note IV)				
7070	Share of profits of subsidiaries and associates	23,775	1	58,949	4
7100	Interest income	66	-	40	-
7110	Rental income	530	-	530	-
7190	Other income	9	-	5	-

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Code		2021		2020	
		Amount	%	Amount	%
7510	Interest expense	(\$ 3,133)	-	(\$ 4,043)	-
7230	Foreign exchange gain	1,175	-	-	-
7630	Foreign exchange loss	-	-	932	-
7000	Non-operating Total income and expenses	<u>22,422</u>	<u>1</u>	<u>54,549</u>	<u>4</u>
7900	Net profit before tax	277,217	17	277,065	19
7950	Income tax expense (Note IV and XXI)	(<u>55,849</u>)	(<u>3</u>)	(<u>56,973</u>)	(<u>4</u>)
8200	Net income in the fiscal year	<u>221,368</u>	<u>14</u>	<u>220,092</u>	<u>15</u>
	Other comprehensive income (Note IV, XVIII and XXI)				
8310	Items that will not be reclassified to profit or loss:				
8316	Investment in equity instruments measured at Unrealized gains or losses measured at FVTOCI	1,440	-	(2,738)	-
8360	Amount of items that may be reclassified subsequently to profit or loss :				
8380	Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(2,297)	-	(85,864)	(6)
8399	income tax related to the items that may be reclassified	<u>459</u>	-	<u>17,173</u>	<u>1</u>
		(<u>1,838</u>)	-	(<u>68,691</u>)	(<u>5</u>)
8300	Other comprehensive income in the fiscal year (net value after tax)	(<u>398</u>)	-	(<u>71,429</u>)	(<u>5</u>)
8500	Total comprehensive income in the fiscal year	<u>\$ 220,970</u>	<u>14</u>	<u>\$ 148,663</u>	<u>10</u>
	Earnings per share (Note XX)				
9750	Basic	<u>\$ 3.07</u>		<u>\$ 3.04</u>	
9850	Diluted	<u>\$ 3.06</u>		<u>\$ 3.03</u>	

The accompanying notes are part of the parent company only financial statements.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

Sanitar Co., Ltd.
Parent Company Only Statement of Changes in Equity
From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

		Retained earnings						Other equity			
		Share capital			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
Code		Number of shares (1,000 shares)	Share capital	Additional paid-in capital							
A1	Balance as of Jan. 1, 2020	72,600	\$726,000	\$ 277,452	\$ 202,583	\$ 146,675	\$ 506,566	(\$ 166,030)	\$ -	\$ -	\$ 1,693,246
	Appropriation and distribution of earnings in 2019										
B1	Legal reserve	-	-	-	17,985	-	(17,985)	-	-	-	-
B3	Special reserve	-	-	-	-	19,355	(19,355)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(123,420)	-	-	-	(123,420)
D1	Net income for 2020	-	-	-	-	-	220,092	-	-	-	220,092
D3	Other comprehensive income after tax, 2020	-	-	-	-	-	-	(68,691)	(2,738)	-	(71,429)
D5	2020 The total comprehensive income	-	-	-	-	-	220,092	(68,691)	(2,738)	-	148,663
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	(15,674)	(15,674)
Z1	Balance as of Dec. 31, 2020	72,600	726,000	277,452	220,568	166,030	565,898	(234,721)	(2,738)	(15,674)	1,702,815
	Appropriation and distribution of earnings in 2020										
B1	Legal reserve	-	-	-	22,009	-	(22,009)	-	-	-	-
B3	Special reserve	-	-	-	-	71,429	(71,429)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(144,152)	-	-	-	(144,152)
D1	Net income for 2021	-	-	-	-	-	221,368	-	-	-	221,368
D3	Other comprehensive income after tax, 2021	-	-	-	-	-	-	(1,838)	1,440	-	(398)
D5	The total comprehensive income in 2021	-	-	-	-	-	221,368	(1,838)	1,440	-	220,970
Q1	Disposal of investments in equity instrument designated at fair value through other comprehensive income	-	-	-	-	-	(1,298)	-	1,298	-	-
Z1	Balance as of Dec. 31, 2021	72,600	\$ 726,000	\$ 277,452	\$ 242,577	\$ 237,459	\$ 548,378	(\$ 236,559)	\$ -	(\$ 15,674)	\$ 1,779,633

The accompanying notes are part of the parent company only financial statements.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

Sanitar Co., Ltd.

Parent Company Only Statements of Cash Flows

From Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020

Unit: NT\$ thousands

Code		2021	2020
	Cash flow from operating activities		
A10000	Net profit before tax in the current period	\$ 277,217	\$ 277,065
A20010	Income charges (credits)		
A20100	Depreciation expense	33,838	32,805
A20200	Amortization expense	361	282
A20300	Expected credit losses	3,940	2,270
A20900	Financial costs	3,133	4,043
A21200	Interest income	(66)	(40)
A22400	Share of the profit or losses of the subsidiaries, associates and joint ventures accounted for using the equity method	(23,775)	(58,949)
A22500	Gain on the disposal of property, plant and equipment	(919)	(41)
A23700	Loss of subsidiaries accounted for using equity method	3,183	-
A23800	Loss from market price decline and obsolete and slow-moving inventory (gain from price recovery)	2,071	2,786
A23900	Unrealized loss from related-sales	3,599	-
A29900	Profit from lease modification	-	(103)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(1,060)	715
A31140	Notes receivable-Related parties	(100)	-
A31150	Accounts receivable	(22,954)	(23,506)
A31160	Accounts receivable-Related parties	(20,130)	(4,954)
A31180	Other receivables	(165)	(1)
A31190	Other receivables-Related parties	(23,356)	(2,214)
A31200	Inventory	(88,471)	(25,360)
A31220	Other prepaid expenses	(1,134)	(55)
A31230	Prepayments	541	(9,611)
A31240	Other current assets	990	(1,597)
A31990	Overdue receivables	125	-
A32125	Contract liabilities - current	5,639	1,666
A32150	Accounts payable	61,648	(6,389)
A32160	Accounts payable-Related parties	21,305	(1)
A32180	Other payables	10,240	6,190
A32230	Other current liabilities	(3,737)	4,258
A33000	Cash from operating activities	241,963	199,259
A33100	Interests received	66	42
A33300	Interests paid	(3,094)	(4,100)
A33500	Income tax paid	(78,983)	(33,113)
AAAA	Net cash inflow from operating activities	159,952	162,088

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Code		2021	2020
	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	-	(3,000)
B01800	Acquisition of long-term equity investment accounted for using the equity method	(7,794)	(13,260)
B02700	Purchase of property, plant and equipment	(5,916)	(19,931)
B02800	Price for the disposal of property, plant and equipment	46,515	270
B03700	Increase in refundable deposits	(1,153)	(630)
B03800	Decrease in refundable deposits	300	240
B04500	Acquisition of intangible assets	-	(1,030)
B07100	Decrease (increase) in prepayments for business facilities	-	458
B07600	Dividends from subsidiaries	-	88,109
BBBB	Net cash flow from investing activities (outflow)	<u>31,952</u>	<u>51,226</u>
	Cash flow from financing activities		
C00100	Increase in short-term loans	-	433,000
C00200	Decrease in short-term loans	(55,000)	(525,000)
C01600	Proceeds from long-term loans	129,000	-
C01700	Repayments of long-term loans	(14,047)	-
C04020	Repayment of lease principal	(10,095)	(10,492)
C04500	Issuance of cash dividends	(144,152)	(123,420)
C04900	Redemption cost for treasury shares	-	(15,674)
CCCC	Cash inflow (outflow) from financing activities	<u>(94,294)</u>	<u>(241,586)</u>
EEEE	Increase (decrease) in cash and cash equivalents	97,610	(28,272)
E00100	Beginning balance of cash and cash equivalents	<u>53,805</u>	<u>82,077</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 151,415</u>	<u>\$ 53,805</u>

The accompanying notes are part of the parent company only financial statements.

Chairperson: HSIAO, CHUN-XIANG

Manager: CHEN, WEI-CHIH

Accounting Supervisor: CHEN, YU-CHUAN

IV. The Comparison Table of “Rules of Procedure for Board of Directors Meeting” before and after Amendments

After	Before	Description
Article 3 The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.	Article 3 The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director <u>and supervisor</u> before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 16 Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below: 1. The meeting session (or year) and the time and place of the meeting. 2. The name of the chair. 3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent. 4. The names and titles of those attending the meeting as non-voting participants. 5. The name of the minute taker. 6. The matters reported at the meeting. 7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4. 8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of	Article 16 Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below: 1. The meeting session (or year) and the time and place of the meeting. 2. The name of the chair. 3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent. 4. The names and titles of those attending the meeting as non-voting participants. 5. The name of the minute taker. 6. The matters reported at the meeting. 7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u>, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4. 8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, <u>supervisor</u>, expert, or other person;	1. Paragraph adjustments. 2. Amended to meet the operational needs of the Company and to comply with laws and regulations.

After	Before	Description
any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements. 9. Other matters required to be recorded. The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting: 1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement. 2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation. The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation. The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation. The meeting minutes of paragraph 1 may produced and distributed in electronic form.	the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements. 9. Other matters required to be recorded. The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting: 1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement. 2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation. The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation. The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director <u>and supervisor</u> within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation. The meeting minutes of paragraph 1 may produced and distributed in electronic form.	
Article 19 These Rules were first established on May 18, 2010. (Paragraph 2 to 4 omitted.) The 4th amendment was made on August 5, 2020. <u>The 5th amendment was made on November 4, 2021.</u>	Article 19 These Rules were first established on May 18, 2010. (Paragraph 2 to 4 omitted.) The 4th amendment was made on August 5, 2020. <u>(Newly added Paragraph.)</u>	Added the date of the latest amendment.

V. The Comparison Table of “Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers” before and after Amendments

Renamed	Previous name	Description
“Codes of Ethical Conduct for Directors and Managerial Officers”	“Codes of Ethical Conduct for Directors, <u>Supervisors</u> and Managerial Officers”	Amended to meet the operational needs of the Company and to comply with laws and regulations.

After	Before	Description
Article 1 In recognition of the necessity to assist the companies in Taiwan in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and managerial officers of TWSE listed and GTSM listed companies to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.	Article 1 In recognition of the necessity to assist the companies in Taiwan in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, <u>supervisors</u>, and managerial officers of TWSE listed and GTSM listed companies to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 2 This standard applies to the directors, and managers of the company, including general managers and equivalents, deputy general managers and equivalents, assistant managers and equivalents, financial department heads, accounting department heads, and other promising company managers Persons with business and signature rights.	Article 2 This standard applies to the directors, <u>supervisors</u> and managers of the company, including general managers and equivalents, deputy general managers and equivalents, assistant managers and equivalents, financial department heads, accounting department heads, and other promising company managers Persons with business and signature rights.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 3 The directors and managers of the company should carry out their duties with a proactive, serious and responsible attitude, abandon selfishness, focus on teamwork, and abide by the principle of good faith.	Article 3 The directors, <u>supervisors</u> and managers of the company should carry out their duties with a proactive, serious and responsible attitude, abandon selfishness, focus on teamwork, and abide by the principle of good faith.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 4 A conflict of interest arises when personal interests intervene or may intervene in the interests of the company as a whole, for example, when the directors or managers of the company are unable to conduct official business in an objective and efficient manner, or because of their position in the company. Improper benefits to oneself, spouse or relatives within the second degree of kinship. The company should pay special attention to the loan or guarantee of funds, major asset transactions, and purchase (sale) transactions with the related enterprises to which the aforementioned persons belong. The company should formulate policies to prevent conflicts of interest and provide appropriate channels for directors and managers to voluntarily declare	Article 4 A conflict of interest arises when personal interests intervene or may intervene in the interests of the company as a whole, for example, when the directors, <u>supervisors</u> or managers of the company are unable to conduct official business in an objective and efficient manner, or because of their position in the company. Improper benefits to oneself, spouse or relatives within the second degree of kinship. The company should pay special attention to the loan or guarantee of funds, major asset transactions, and purchase (sale) transactions with the related enterprises to which the aforementioned persons belong. The company should formulate policies to prevent conflicts of interest and provide appropriate channels for directors, <u>supervisors</u> and	Amended to meet the operational needs of the Company and to comply with laws and regulations.

whether they have potential conflicts of interest with the company.	managers to voluntarily declare whether they have potential conflicts of interest with the company.	
Article 5 The Company shall refrain from the following matters: (1) Opportunities for personal gain through the use of company property, information or the convenience of their positions; (2) Through the use of company property, information or by The convenience of the position for personal gain; (3) to compete with the company. When the company has profit opportunities, directors and managers have the responsibility to increase the legitimate and legitimate interests that the company can obtain.	Article 5 The Company shall refrain from the following matters: (1) Opportunities for personal gain through the use of company property, information or the convenience of their positions; (2) Through the use of company property, information or by The convenience of the position for personal gain; (3) to compete with the company. When the company has profit opportunities, directors, <u>supervisors</u> and managers have the responsibility to increase the legitimate and legitimate interests that the company can obtain.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 6 The directors and managers of the company shall be obliged to keep confidential the information of the company itself or its purchase (sale) customers unless authorized or required by law to be disclosed. Information that should be kept confidential includes all unpublished information that may be used by competitors or leaked to harm the company or customers.	Article 6 The directors, <u>supervisors</u> and managers of the company shall be obliged to keep confidential the information of the company itself or its purchase (sale) customers unless authorized or required by law to be disclosed. Information that should be kept confidential includes all unpublished information that may be used by competitors or leaked to harm the company or customers.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 7 The directors and managers of the Company shall treat the Company's incoming (and outgoing) customers, competitors and employees fairly and shall not obtain undue benefits by manipulating, concealing or misusing the information they have learned based on their positions, making misrepresentations about important matters or other unfair transaction methods. In the performance of their duties, directors and managers of the Company shall not demand, offer, deliver or accept any form of gift, hospitality, kickback, bribery or other improper benefit for the benefit of individuals, the Company or third parties. However, this does not apply if the gift or solicitation is permitted by social etiquette or corporate regulations.	Article 7 The directors, <u>supervisors</u> and managers of the Company shall treat the Company's incoming (and outgoing) customers, competitors and employees fairly and shall not obtain undue benefits by manipulating, concealing or misusing the information they have learned based on their positions, making misrepresentations about important matters or other unfair transaction methods. In the performance of their duties, directors, <u>supervisors</u> and managers of the Company shall not demand, offer, deliver or accept any form of gift, hospitality, kickback, bribery or other improper benefit for the benefit of individuals, the Company or third parties. However, this does not apply if the gift or solicitation is permitted by social etiquette or corporate regulations.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 8 The directors and managers of the Company are responsible for protecting the Company's assets and ensuring that they can be used effectively and lawfully in official business, and theft, negligence or waste will directly affect the profitability of the Company.	Article 8 The directors, <u>supervisors</u> and managers of the Company are responsible for protecting the Company's assets and ensuring that they can be used effectively and lawfully in official business, and theft, negligence or waste will directly affect the profitability of the Company.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 9 The directors and managers of the Company	Article 9 The directors, <u>supervisors</u> and managers of	Amended to meet the operational

shall indeed comply with all other laws, regulations, and policies that regulate the Company's activities, such as the Company Law and the Securities and Exchange Act.	the Company shall indeed comply with all other laws, regulations, and policies that regulate the Company's activities, such as the Company Law and the Securities and Exchange Act.	needs of the Company and to comply with laws and regulations.
Article 10 Within the company, we should strengthen the promotion of ethical concepts and encourage employees to report to the manager, internal audit supervisor or other appropriate personnel when they suspect or find any violation of laws and regulations or the Code of Ethical Conduct. In order to encourage employees to report violations, the company should establish a specific whistleblower system, allow anonymous whistleblowers, and let employees know that the company will do its best to ensure the safety of whistleblowers and protect them from retaliation.	Article 10 Within the company, we should strengthen the promotion of ethical concepts and encourage employees to report to the <u>supervisor</u>, manager, internal audit supervisor or other appropriate personnel when they suspect or find any violation of laws and regulations or the Code of Ethical Conduct. In order to encourage employees to report violations, the company should establish a specific whistleblower system, allow anonymous whistleblowers, and let employees know that the company will do its best to ensure the safety of whistleblowers and protect them from retaliation.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 11 In the event that a director or manager of the Company violates the Code of Ethics, the Company shall handle it in accordance with the relevant regulations and disclose in real time at the Public Information Observatory the date of the violation, the reason for the violation, the violation of the Code, and the circumstances of the handling. In the event of a penalty for a violation of the provisions of this Code, the offender may lodge a complaint in accordance with the relevant provisions.	Article 11 In the event that a director, <u>supervisor</u> or manager of the Company violates the Code of Ethics, the Company shall handle it in accordance with the relevant regulations and disclose in real time at the Public Information Observatory the date of the violation, the reason for the violation, the violation of the Code, and the circumstances of the handling. In the event of a penalty for a violation of the provisions of this Code, the offender may lodge a complaint in accordance with the relevant provisions.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 12 Directors and managers of the Company shall, if they are exempt from complying with the provisions of this Code, be approved by the Board of Directors and disclose in real time at the Public Information Observatory information such as the date of the board's adoption of the exemption, the objections or reservations of the independent directors, the period for which the exemption applies, the reasons for the application of the exemption and the criteria for the application of the exemption, so as to enable the shareholders to assess the appropriateness of the resolutions made by the Board of Directors, so as to suppress the occurrence of arbitrary or suspicious exemptions from complying with the Code, and to ensure that there are appropriate controls for any exemption compliance, to protect the company.	Article 12 Directors, <u>supervisors</u> and managers of the Company shall, if they are exempt from complying with the provisions of this Code, be approved by the Board of Directors and disclose in real time at the Public Information Observatory information such as the date of the board's adoption of the exemption, the objections or reservations of the independent directors, the period for which the exemption applies, the reasons for the application of the exemption and the criteria for the application of the exemption, so as to enable the shareholders to assess the appropriateness of the resolutions made by the Board of Directors, so as to suppress the occurrence of arbitrary or suspicious exemptions from complying with the Code, and to ensure that there are appropriate controls for any exemption compliance, to protect the company.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 14 This Code of Ethics shall be implemented after its adoption by the Board of Directors and	Article 14 This Code of Ethics shall be implemented after its adoption by the Board of Directors and	Amended to meet the operational needs of the

submitted to the General Meeting of Shareholders, as amended.	shall be sent to the <u>supervisors</u> and submitted to the General Meeting of Shareholders, as amended.	Company and to comply with laws and regulations.
Article 15 These Codes of Ethical Conduct were first established on March 18th, 2015. The 1st amendment was made on August 5th, 2020. The 2nd amendment was made on October 4th, 2021.	Article 15 These Codes of Ethical Conduct were first established on March 18th, 2015. The 1st amendment was made on August 5th, 2020.	Updated the date of this revision.

VI. The Comparison Table of the "Ethical Management and Guidelines for Conduct" before and after Amendments

After	Before	Description
Article 5 (Responsible unit and duties) This Corporation has designated the <u>"Sustainable Development Promotion Team"</u> (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors: 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. 7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.	Article 5 (Responsible unit and duties) This Corporation has designated the <u>Financial Department</u> (hereinafter, "responsible unit") under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors: 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. 7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.	Amended to meet the operational needs of the Company and to comply with laws and regulations.

Article 11 (Recusal) When a director and officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter. If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.	Article 11 (Recusal) When a director, <u>supervisor</u>, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter. If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 21 (Handling of dishonest acts involving company personnel) The Company encourages internal and external personnel to report dishonest acts or misconduct, according to the seriousness of the circumstances of their reports, discretionary payment of NT\$10,000 or less of the bonus. Insiders who make false or malicious allegations shall be disciplined or dismissed if the circumstances are serious. The Company establishes and announces the internal independent whistleblower mailboxes and special lines on the company's website and internal website, or entrusts other	Article 21 (Handling of dishonest acts involving company personnel) The Company encourages internal and external personnel to report dishonest acts or misconduct, according to the seriousness of the circumstances of their reports, discretionary payment of NT\$10,000 or less of the bonus. Insiders who make false or malicious allegations shall be disciplined or dismissed if the circumstances are serious. The Company establishes and announces the internal independent whistleblower mailboxes and special lines on the company's website and internal website, or entrusts other external	Amended to meet the operational needs of the Company and to comply with laws and regulations.

external independent organizations to provide whistleblower mailboxes and special lines for the use of internal and external personnel of the company. The whistleblower should provide at least the following information: 1. The name and ID number of the whistleblower may also be reported anonymously, and the address, telephone number and e-mail address of the whistleblower may be contacted. 2. The name of the person being reported or other information sufficient to identify the features of the person being reported. 3. Specific facts available for investigation. The relevant personnel of the Company handling the whistle-blowing matter shall maintain the confidentiality of the whistleblower's identity and the content of the whistle-blowing in a written statement. The Company also undertakes to protect whistleblowers from mishandling in connection with whistle-blowing. The Company's special unit shall handle whistle-blowing matters in accordance with the following procedures: 1. Whistleblowers involving general employees should be reported to the head of the department. Whistle-blowing matters concern a director or senior executive should be reported to an independent director. 2. The company's special unit and the supervisor or personnel who are reported in the preceding paragraph shall immediately ascertain the relevant facts and provide assistance by compliance or other relevant departments if necessary. 3. If it is confirmed that the whistleblower has indeed violated the relevant laws and regulations or the company's good faith management policies and regulations, the whistleblower shall be immediately requested to stop the relevant acts and deal with them appropriately. When necessary, the Company shall report to the competent authorities, transfer them to the judicial organs for investigation, or request damages through legal procedures to safeguard the company's reputation and rights and interests. 4. The acceptance of whistle-blowing matters, the investigation process, and the results of the investigation shall be retained in writing and kept for five years, and their preservation shall be also carried out electronically. Before the expiration of the retention period, in the event of a lawsuit related to the content of the report, the relevant information shall be retained until the end of the litigation. 5. If the whistle-blowing situation is	independent organizations to provide whistleblower mailboxes and special lines for the use of internal and external personnel of the company. The whistleblower should provide at least the following information: 1. The name and ID number of the whistleblower may also be reported anonymously, and the address, telephone number and e-mail address of the whistleblower may be contacted. 2. The name of the person being reported or other information sufficient to identify the features of the person being reported. 3. Specific facts available for investigation. The relevant personnel of the Company handling the whistle-blowing matter shall maintain the confidentiality of the whistleblower's identity and the content of the whistle-blowing in a written statement. The Company also undertakes to protect whistleblowers from mishandling in connection with whistle-blowing. The Company's special unit shall handle whistle-blowing matters in accordance with the following procedures: 1. Whistleblowers involving general employees should be reported to the head of the department. Whistle-blowing matters concern a director or senior executive should be reported to an independent director or <u>supervisor</u>. 2. The company's special unit and the supervisor or personnel who are reported in the preceding paragraph shall immediately ascertain the relevant facts and provide assistance by compliance or other relevant departments if necessary. 3. If it is confirmed that the whistleblower has indeed violated the relevant laws and regulations or the company's good faith management policies and regulations, the whistleblower shall be immediately requested to stop the relevant acts and deal with them appropriately. When necessary, the Company shall report to the competent authorities, transfer them to the judicial organs for investigation, or request damages through legal procedures to safeguard the company's reputation and rights and interests. 4. The acceptance of whistle-blowing matters, the investigation process, and the results of the investigation shall be retained in writing and kept for five years, and their preservation shall be also carried out electronically. Before the expiration of the retention period, in the event of a lawsuit related to the content of the report, the relevant information shall be retained until the end of the litigation. 5. If the whistle-blowing situation is	
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verified to be true, the relevant unit of the company should be responsible for reviewing the relevant internal control system and operating procedures, and proposing improvement measures to prevent the recurrence of the same behavior. 6. The Company's dedicated unit shall report to the Board of Directors on the whistle-blowing matters, its handling methods and subsequent review and improvement measures.	verified to be true, the relevant unit of the company should be responsible for reviewing the relevant internal control system and operating procedures, and proposing improvement measures to prevent the recurrence of the same behavior. 6. The Company's dedicated unit shall report to the Board of Directors on the whistle-blowing matters, its handling methods and subsequent review and improvement measures.	
Article 24 (Implementation) These operating procedures and codes of conduct shall be adopted and implemented by resolution of the Board of Directors and shall be submitted to the Shareholders' Meeting; the same shall apply when amended. <u>When submitting these operating procedures and codes of conduct to the Board of Directors for discussion, the opinions of each independent director shall be fully taken into account and the opinions opposed or reserved shall be set out in the proceedings of the Board; If an independent director is unable to personally attend the Board of Directors to express an objection or reservation, unless there is a legitimate reason, a written opinion shall be issued in advance and set out in the proceedings of the Board of Directors.</u>	Article 24 (Implementation) These operating procedures and codes of conduct shall be adopted and implemented by resolution of the Board of Directors and shall be sent to the <u>supervisors</u> and submitted to the Shareholders' Meeting; the same shall apply when amended. <u>(Newly added Paragraph.)</u>	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 25 These operating procedures and codes of conduct were first established on March 18th, 2015. (Paragraph 2&3 were omitted) The 3rd amendment was made on November 4th, 2021. <u>The 4th amendment was made on December 28th, 2021.</u>	Article 25 These operating procedures and codes of conduct were first established on March 18th, 2015. (Paragraph 2&3 were omitted) The 3rd amendment was made on November 4th, 2021. <u>(Newly added Paragraph.)</u>	Updated the date of this revision.

VII. Performance evaluation results and remuneration reports for directors and managerial officers.

(1) Performance Evaluation Method

Target	Criteria	Description
Directors	1. The Company has established the "Board of Directors' Performance Evaluation Method", and individual directors and supervisors will complete self-assessment questionnaires for internal evaluation after the end of the year	The self-assessment self-evaluation questionnaire covers the following six major aspects, with a total of 23 indicators. A. Mastery of the company's objectives and tasks B. Awareness of Directors' Duties C. Degree of participation in the company's operations D. Internal Relationship Management and Communication E. Professional and Continuing Education of Directors F. Internal control
	2. The Company has established a Nominating Committee, which shall be evaluated in accordance with the "Nominating Committee Organizational Procedures".	After the year-end, the Nomination Committee will evaluate the performance of each director and supervisor and report to the Board of Directors in accordance with the "Nomination Committee Organizational Procedures".
Managerial Officers	1. Annual operating results of the Company	The year-end bonus is determined by the president with reference to the annual operating results of the company.
	2. Personal annual performance	The manager's performance will be evaluated by the manager's supervisor in accordance with the annual work performance, and the evaluation items are as follows. A. Mastery of the company's objectives and tasks B. Leadership C. Judgment D. Manager's professional and continuing education

(2) Performance Evaluation Results

A. Directors (Level 1 to 5, 5 being the best)

Names of the Directors	HSIAO, CHUN HSIANG	CHANG, YUNG NAN	TSAI, MING HSI	LIN, KUO HUA	HO, JENG WEI	CHENG, SHENG IN	LIN, JING	CHEN, HSIEN CHIEN	Average Score
Items and the score of self-evaluation									
1. Mastery of the company's objectives and tasks.	5	5	5	5	5	4.67	4.67	5	4.92
2. Awareness of directors' responsibilities.	5	5	5	5	5	5	4.33	4.67	4.88
3. Degree of participation in the company's operations.	5	4.88	4.75	5	4.88	5	4.5	4.75	4.84
4. Management and negotiation of internal relationship.	5	5	5	5	5	5	4.67	5	4.96
5. Professionalism and continuing education of directors.	5	4.67	5	5	5	5	4.33	5	4.88
6. Internal control.	5	5	5	5	5	5	4.67	5	4.96

B. Managerial Officers (Level 1 to 5, 5 being the best)

Name and Title	General Manager CHEN, WEI-CHIH	Deputy General Manager LIU, MING-CHIA	Deputy General Manager CHEN, YU-CHUAN	Deputy General Manager YEN, WEN-HUNG	Average Score
Items and the score of self-evaluation					
1. Mastery of the company's objectives and tasks.	4.5	4.7	4.7	4.3	4.55
2. Leadership.	4.1	4.1	4.3	4.2	4.18
3. Judgment	4.7	4.5	4.4	4.4	4.50
4. Professionalism and continuing education of managerial officers.	4.1	4.5	4.5	4.5	4.40

(3) Remuneration of Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Fiscal Year.

1. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) To Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B) (Note 1)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 1)		Employee Bonus (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All Companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
Chairperson	HSIAO, CHUN HSIANG	3,299	3,928	0	0	1,215	1,215	70	70	2.07	2.32	0	0	0	0	0	0	0	0	2.07	2.32	No
Director	CHANG, YUNG NAN	240	240	0	0	608	608	50	50	0.41	0.40	0	0	0	0	0	0	0	0	0.41	0.40	No
Director	TSAI, MING HSI	240	240	0	0	608	608	70	70	0.41	0.41	0	0	0	0	0	0	0	0	0.41	0.41	No
Director (Note 2)	YU, CHIH HSIN	120	120	0	0	304	304	30	30	0.21	0.20	0	0	0	0	0	0	0	0	0.21	0.20	No
Director (Note 4)	LIN, KUO HUA	120	120	0	0	304	304	40	40	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No
Independent Director (Note 2)	CHEN, SHIH HSIUNG	120	120	0	0	304	304	50	50	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No
Independent Director (Note 2)	HSU, FENG YUAN	120	120	0	0	304	304	50	50	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No

Independent Director (Note 3)	HO, JENG WEI	120	120	0	0	304	304	40	40	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No
Independent Director (Note 3)	CHENG, SHENG IN	120	120	0	0	304	304	40	40	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No
Independent Director (Note 3)	LIN, JING	120	120	0	0	304	304	40	40	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No
Independent Director (Note 3)	CHEN, HSIEN CHIEN	120	120	0	0	304	304	40	40	0.21	0.21	0	0	0	0	0	0	0	0	0.21	0.21	No

1. Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance to the amount of remuneration based on the responsibilities, risks and time commitment: please refer to pages 47~52 of this handbook.
2. In addition to the above table, the remuneration received by the directors of the Company for services rendered to all companies in the financial statements (such as serving as consultants to non-employees) in the most recent year: 0

Note 1: This is the amount provided for retirement pension expense.

Note 2: Resignation of office at the General Shareholders' Meeting held on July 7, 2021.

Note 3: New office assumed at the General Shareholders' Meeting held on July 7, 2021.

Note 4: Resignation of supervisor and election of new director at the General Shareholders' Meeting held on July 7, 2021.

2. Remuneration of Supervisors

Unit: NT\$ thousands

Title	Name	Remuneration of Supervisors						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All Companies in the consolidated financial statements	
Supervisor	LI, WEN-YAO (Note 1)	120	120	304	304	30	30	0.21	0.20	No
Supervisor	LIN, KUO-HUA (Note 2)	120	120	304	304	30	30	0.21	0.20	No
Supervisor	LIANG, HSIN-HUNG (Note 1)	120	120	304	304	20	20	0.20	0.20	No

Note 1: Resignation of supervisor at the General Shareholders' Meeting held on July 7, 2021.

Note 2: Resignation of supervisor and election of new director at the General Shareholders' Meeting held on July 7, 2021.

3. Remuneration of the General Manager and Deputy General Managers.

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) To Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	CHEN, WEI-CHIH	2,070	2,767	108	108	1,465	1,524	354	0	354	0	1.81	2.11	No
COO (Note 2)	KU, FENG-KUEI	819	819	47	47	29	29	0	0	0	0	0.41	0.40	No
Deputy General Manager (Note 3)	LIU, MING-CHIA	628	628	43	43	441	441	280	0	280	0	0.63	0.62	No
Deputy General Manager	CHEN, YU-CHUAN	1,418	1,418	99	99	464	464	266	0	266	0	1.02	1.00	No
Deputy General Manager	YEN, WEN-HUNG	1,664	1,664	108	108	485	485	262	0	262	0	1.14	1.12	No

Note1: This is the amount provided for retirement pension expense.

Note2: Retirement on June 24, 2021.

Note3: Passed by the Board in the Board Meeting held on June 17, 2021 and took the office on July 1, 2021.

(4) Relevance and reasonableness of performance evaluation results and salary and compensation

A. Directors and Supervisors

- a. Compensation: The compensation is based on the degree of participation and value of contribution to the Company's operations and the market rate in the industry. Based on the results of the performance evaluation, the directors and supervisors of the Company have performed their relevant functions and their compensation is reasonable.
- b. Compensation: In accordance with the Company's Articles of Incorporation, if the Company has a pre-tax net profit for the year, no more than 2% shall be set aside as remuneration to directors and supervisors. 2 percent of the remuneration to directors and supervisors for 2021 is NT\$5,773,000, and the remuneration to individual directors and supervisors shall be allocated in proportion to their individual income bases, with one base for each of outstanding performance and special contribution to the Company's business. Except for the Chairman of the Board of Directors who makes special contributions to the Company's business due to his management position, who is allocated two bases, the other directors and supervisors are allocated one base each.
- c. Allowance: The attendance fee is based on the actual number of board meetings and functional committees attended. The average attendance rate of the Board of Directors (excluding supervisors) for 2021 was 96%.

B. Managerial Officers

- a. Salary: The salary is determined based on the length of service, contribution and hard work, and with reference to the market standard in the industry. All of our managers have management, business, and financial experience, and have a certain level of performance in each of the performance indicators, so their salaries are reasonable.
- b. Bonuses: mainly year-end bonuses and operating bonuses. The President is entitled to an operating bonus based on 0.5% of the annual consolidated net income before tax; managers other than the President are entitled to a year-end bonus based on monthly salary, payment base and performance evaluation base. The operating performance of the Company and the performance of individuals are related to the bonus for managers.
- c. Employee's compensation: According to the Company's Articles of Incorporation, 2% to 5% of the Company's annual net income before tax should be set aside as employee compensation, and the amount of individual manager's compensation will be granted according to the annual performance. 3% of employee compensation amounting to NT\$8,659,000 was set aside in 2021. The remuneration to managers was 0.52% and 0.56% of net income after tax for 2021 and 2020, respectively, which is still within a reasonable range.

VIII. The Comparison Table of “Articles of Incorporation” before and after Amendments

After	Before	Description
Article 9 There are two types of shareholders' meetings: ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened once a year; shall be convened by the Board of Directors in accordance with law within six months after the end of each fiscal year; and extraordinary meetings shall be convened in accordance with law when necessary. <u>When convening a shareholders' meeting, the electronic method shall be listed as one of the channels for shareholders to exercise voting rights, and its relevant operations shall be handled in accordance with the provisions of the competent authority.</u> <u>The convening of a shareholders' meeting of the Company may be held by video conference or other means announced by the central competent authority. The relevant provisions such as the conditions, operating procedures and other matters to be complied with by the video conference shall be met, and if the competent securities authority has other provisions, follow those provisions.</u>	Article 9 There are two types of shareholders' meetings: ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened once a year; shall be convened by the Board of Directors in accordance with law within six months after the end of each fiscal year; and extraordinary meetings shall be convened in accordance with law when necessary. <u>(Newly added Paragraph.)</u> <u>(Newly added Paragraph.)</u>	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 20 The Company shall set aside <u>not less than 2%</u> of its annual net income before tax as compensation to employees and not more than 2% as compensation to directors. However, if the Company still has accumulated losses (including the amount of adjustments to undistributed earnings), the amount of compensation shall be reserved in advance to cover such losses. The aforementioned compensation to employees may be distributed in the form of shares or in cash; the employees entitled to receive such compensation may include employees of subsidiaries of the Company who meet the criteria set by the board of directors. The compensation to directors in the preceding paragraph may be distributed in cash only. The preceding two paragraphs shall be resolved by the board of directors and reported to the shareholders meeting.	Article 20 The Company shall set aside 2% <u>to 5%</u> of its annual net income before tax as compensation to employees and not more than 2% as compensation to directors. However, if the Company still has accumulated losses (including the amount of adjustments to undistributed earnings), the amount of compensation shall be reserved in advance to cover such losses. The aforementioned compensation to employees may be distributed in the form of shares or in cash; the employees entitled to receive such compensation may include employees of subsidiaries of the Company who meet the criteria set by the board of directors. The compensation to directors in the preceding paragraph may be distributed in cash only. The preceding two paragraphs shall be resolved by the board of directors and reported to the shareholders meeting.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 22 These Articles of Incorporation were established on January 20, 1988. (Paragraph 2 to 25 omitted.) The 25th amendment was made on May 27, 2021. <u>The 26th amendment was made on May 26, 2022.</u>	Article 22 These Articles of Incorporation were established on January 20, 1988. (Paragraph 2 to 25 omitted.) The 25th amendment was made on May 27, 2021. <u>(Newly added paragraph.)</u>	Updated the date of this revision.

IX. Comparison Table of “Regulations Governing the Acquisition and Disposal of Assets”
Amended Provisions

After	Before	Description
Article 4 (Above omitted.) When issuing an appraisal report or opinion, the person in the preceding paragraph shall handle the following matters <u>in accordance with the self-discipline norms of each trade association to which he belongs</u>: 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>enforcing</u> 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 <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 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 <u>appropriate</u>, and that they have complied with applicable laws and regulations.	Article 4 (Above omitted.) 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 <u>examining</u> 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 <u>comprehensiveness</u>, <u>accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 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 <u>accurate</u>, and that they have complied with applicable laws and regulations.	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 7 (Procedures for acquiring or disposing of real property, equipment or right-of-use assets thereof.) (Above omitted.) 4. Valuation report of real property or equipment. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:	Article 7 (Procedures for acquiring or disposing of real property, equipment or right-of-use assets thereof.) (Above omitted.) 4. Valuation report of real property or equipment. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:	Amended to meet the operational needs of the Company and to comply with laws and regulations.

After	Before	Description
(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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	(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 <u>shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	
Article 8 (Procedures for acquiring or disposing of securities.) (Above omitted.) 4. To obtain expert's opinion. In 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	Article 8 (Procedures for acquiring or disposing of securities.) (Above omitted.) 4. To obtain expert's opinion. In 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	Amended to meet the operational needs of the Company and to comply with laws and regulations.

After	Before	Description
public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	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 expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDE.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
Article 9 (Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships.) (Above omitted.) 4. Valuation report of intangible assets or right-of-use assets thereof or memberships. (1) In acquiring or disposing of intangible assets or right-of-use assets thereof where the transaction amount reaches 10 percent of the company's paid-in capital or NT\$20 million or more, the company shall obtain an appraisal report form a professional appraiser. (2) In acquiring or disposing of memberships where the transaction amount reaches 1 percent of the company's paid-in capital or NT\$3 million or more, the company shall obtain an appraisal report form a professional appraiser. (3) In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.	Article 9 (Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships.) (Above omitted.) 4. Valuation report of intangible assets or right-of-use assets thereof or memberships. (1) In acquiring or disposing of intangible assets or right-of-use assets thereof where the transaction amount reaches 10 percent of the company's paid-in capital or NT\$20 million or more, the company shall obtain an appraisal report form a professional appraiser. (2) In acquiring or disposing of memberships where the transaction amount reaches 1 percent of the company's paid-in capital or NT\$3 million or more, the company shall obtain an appraisal report form a professional appraiser. (3) In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships where 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 ARDE.</u>	Amended to meet the operational needs of the Company and to comply with laws and regulations.
Article 12 (Procedures for related party transactions.) (Above omitted.)	Article 12 (Procedures for related party transactions.) (Above omitted.)	Amended to meet the operational needs of the

After	Before	Description
2. Assessment and Operating Procedures The following material of the Company's acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, excluding 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, shall be approved by at least one-half of all members of the Audit Committee and shall be submitted to the Board for resolution, then the Company may execute the transaction contract and make payment: (1) The purpose, necessity and expected benefits of the acquisition or disposal of the assets. (2) The reasons for selecting the related party as the counterparty of the transaction. (3) Information related to the acquisition of real estate or its right-to-use assets from the related party and the assessment of the reasonableness of the transaction terms in accordance with the provisions of Provision 1-5 of paragraph 3 of the Article. (4) Information of the date and price of the original acquisition by the related party, the parties to the transaction, and their relationship with the Company and the related party. (5) A cash flow forecast for each month of the year commencing from the month in which the contract is expected to be entered into, and an assessment of the necessity of the transaction and the reasonableness of the use of funds. (6) The valuation report issued by the professional Appraiser obtained in accordance with the preceding paragraph, or the opinion of the accountant. (7) Restrictions and other important provisions of the transaction. <u>(Deleted paragraph)</u>	2. Assessment and Operating Procedures The following material of the Company's acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, excluding 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, shall be approved by at least one-half of all members of the Audit Committee and shall be submitted to the Board for resolution, then the Company may execute the transaction contract and make payment: (1) The purpose, necessity and expected benefits of the acquisition or disposal of the assets. (2) The reasons for selecting the related party as the counterparty of the transaction. (3) Information related to the acquisition of real estate or its right-to-use assets from the related party and the assessment of the reasonableness of the transaction terms in accordance with the provisions of Provision 1-5 of paragraph 3 of the Article. (4) Information of the date and price of the original acquisition by the related party, the parties to the transaction, and their relationship with the Company and the related party. (5) A cash flow forecast for each month of the year commencing from the month in which the contract is expected to be entered into, and an assessment of the necessity of the transaction and the reasonableness of the use of funds. (6) The valuation report issued by the professional Appraiser obtained in accordance with the preceding paragraph, or the opinion of the accountant. (7) Restrictions and other important provisions of the transaction. <u>The amount of transactions above shall be calculated as regulated in article 16-2, and</u>	Company and to comply with laws and regulations.

After	Before	Description
With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property right-of-use assets held for business use. When a matter is submitted for discussion by the board of directors, 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. <u>If the Company or a subsidiary of a non-domestic public offering company has a transaction of the item 2, and the transaction amount reaches more than 10% of the total assets of the Company, the Company shall submit the information listed in the item 2 to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this does not apply to the Company's dealings with the parent company and subsidiaries, or between its' subsidiaries.</u> <u>The amount of transactions in item 2 and the foregoing shall be calculated as regulated in article 16-2, and "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 the Policy, submitted to the Shareholder's Meeting and approved by Audit Committee and the Board of Directors need not be counted toward the transaction amount.</u> (Below omitted.)	<u>"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 the Policy and approved by Auditor Committee and the Board need not be counted toward the transaction amount.</u> With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property right-of-use assets held for business use. When a matter is submitted for discussion by the board of directors, 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. <u>(Newly added paragraph.)</u> <u>(Newly added paragraph.)</u> (Below omitted.)	
Article 16 (Procedures for public disclosure of information) 1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the	Article 16 (Procedures for public disclosure of information) 1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the	Amended to meet the operational needs of the Company and to

After	Before	Description
relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (2) Merger, demerger, acquisition, or transfer of shares. (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million. (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this	relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (2) Merger, demerger, acquisition, or transfer of shares. (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million. (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this	comply with laws and regulations.

After	Before	Description
shall not apply to the following circumstances: A. Trading of domestic government bonds <u>or foreign state bonds with sovereign ratings not lower than the sovereign rating of the ROC.</u> B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	shall not apply to the following circumstances: A. Trading of domestic government bonds. B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	
Article 24 The handling procedure was established on June 29, 2010. (Paragraph 2 to 7 were omitted.) The 7th amendment was made on June 20, 2019. <u>The 8th amendment was made on May 26, 2022.</u>	Article 24 The handling procedure was established on June 29, 2010. (Paragraph 2 to 7 were omitted.) The 7th amendment was made on June 20, 2019. <u>Newly added paragraph.</u>	Updated the date of this revision.

Appendix

I. Articles of Incorporation

Sanitar Co., Ltd.

Articles of Incorporation

Chapter I General Principles

- Article 1 The Company is organized under the Company Act and is named **Sanitar Co., Ltd.**
- Article 2 The Company's scope of business:
1. C901010 Ceramic and Ceramic Products Manufacturing.
 2. C901070 Cutting, Shaping and Finishing of Stone.
 3. C805030 Plastic Daily Necessities Manufacturing.
 4. F106050 Wholesale of Pottery, Porcelain and Glassware.
 5. E801070 Kitchen and Bath Facilities Construction.
 6. F106040 Wholesale of Plumbing Materials.
 7. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
 8. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.
 9. F211010 Retail Sale of Building Materials.
 10. CA01130 Copper Rolling, Drawing and Extruding.
 11. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
 12. F111090 Wholesale of Building Materials.
 13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-2 The Company may conduct external guarantee business in accordance with the relevant regulations for business purposes.
- Article 3 The Company has its headquarters in New Taipei City and may establish branches in Taiwan and abroad if necessary by resolution of the board of directors.
- Article 3-1 The total amount of the Company's investments in other businesses shall not exceed 40% of the Company's paid-in capital as provided for in Article 13 of the Company Act.
- Article 4 (Deleted)

Chapter II Shares

- Article 5 The total capital of the Company is set at NT\$1 billion, divided into 100 million shares, all of which are common shares of NT\$10 per share, to be issued in installments by authorization of the board of directors.
The aforementioned total capital is reserved in the amount of NT\$30 million (3 million shares) for the issuance of stock warrants, which may be issued in installments as resolved by the board of directors.
- Article 5-1 To transfer shares to employees at less than the average actual share repurchase price, the Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, and must have listed the matters stipulated in Article 10-1 of the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” in the notice of reasons for that shareholders meeting before the transfer is made.
- Article 6 (Deleted)
- Article 7 The Company’s shares are in the form of registered shares, which are signed or sealed by the director representing the Company and are issued by the competent authority or its approved issuing registrar.
The shares issued by the Company may be issued without the printing of share certificates, but shall be registered with the centralized securities depository.
- Article 8 The entries in the shareholders’ roster shall not be altered within 60 days prior to the convening date of a regular shareholders meeting, or within 30 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.
- Article 8-1 Unless otherwise provided by law, the shareholders of the Company shall follow the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authorities for the transfer of shares, creation and cancellation of pledges, reporting of loss, inheritance, gift, reporting of loss and change of seals, or change of address.

Chapter III Shareholders Meeting

- Article 9 The Company's shareholders meetings are as the following two types:
1. Ordinary meetings shall be convened once a year by the board of directors, within six months after the end of each fiscal year.
 2. Interim meetings shall be convened as required by law.
- Article 10 If a shareholder is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a proxy to attend the meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to the provisions of Article 177 of the Company Act, the procedure for shareholders to appoint a proxy to attend a shareholders' meeting shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" prescribed by the competent authority.
- Article 11 Unless otherwise provided by law, each shareholder is entitled to one vote for each share held.
- Article 12 Unless otherwise provided for in the Company Act, a shareholders meeting shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.
- Article 12-1 The shareholders meeting shall be convened by the board of directors, with the chairman as the chair. In case the chairman of the board of directors is absent, the chairman of the board of directors shall designate a person to act on his behalf; if the chairman of the board of directors does not designate a person to act on his behalf, the directors shall elect one among themselves to act on his behalf. If the shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 12-2 The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting, and shall be kept permanently during the existence of the Company.

The foregoing minutes may be prepared and distributed by electronic means or by way of public notice.

Chapter IV Directors and Supervisors

Article 13

The Company shall have 6 to 12 directors to be elected at the shareholders meeting from among the list of candidates, with the term of three years.

The number of independent directors shall not be less than two and shall not be less than one-fifth of the number of directorships. The professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.

In accordance with Article 192-1 of the Company Act, the election of directors shall be conducted through a candidate nomination system. The acceptance of nominations of directors and the announcement of such nominations are governed by the provisions of the Company Act and the Securities and Exchange Act.

The total shareholdings of all directors shall be in accordance with the regulations of the competent authority.

Article 13-1

(Deleted)

Article 13-2

The board of directors of the Company may set up audit, nomination, risk management or committees or other functions by factoring into the size of the Board and the number of independent directors for the purpose of sound supervision and management, and may create environmental or other committees based on the idea of corporate social responsibility and sustainability.

The committees of functions shall be accountable to the board of directors and shall submit its motions to the board of directors for resolution. However, this limit does not apply if the Audit Committee exercises supervisory authority in accordance with the Securities and Exchange Act.

Article 13-3

The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors, and the audit committee or members of the audit committee shall be responsible for carrying out the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act and other laws and regulations.

- Article 14 The board of directors shall be organized by the directors, and a chairperson shall be elected by and from among the directors with the presence of at least two-thirds of the directors and the consent of a majority of the directors present.
- The Company's board meeting shall be convened by notifying the directors seven days prior to the meeting. However, in case of emergency, the meeting may be convened at any time. The aforementioned notice shall be given in writing, by e-mail or by facsimile, stating the reason for the convening.
- Article 15 If the chairperson cannot perform his/her duty due to certain reason, the assignment of his/her deputy shall be conducted in accordance with the regulations of Article 208 of the Company Act.
- Article 15-1 If a director is unable to attend a meeting of the board of directors, he or she may issue a proxy form and appoint another director to attend the meeting by proxy, provided that the proxy is limited to be appointed by one director.
- Article 15-2 Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.
- A director who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal interest.
- Article 15-3 When the number of vacancies in the board of directors of the Company equals to one third of the total number of directors, a re-election shall be held in accordance with the provisions of Article 201 of the Company Act, and the term of office shall be limited to the full term of the original appointment.
- Article 16 The Company may pay compensation to its directors for the performance of their duties to the Company, irrespective of its operating profit or loss, as determined by the board of directors in terms of their participation in and contribution to the operations of the Company and by taking into consideration industry rates. If the Company has a net profit before tax for the period, the compensation shall be distributed in compliance with Article 20 of the Company's Articles of Incorporation.
- The Company may purchase liability insurance for directors during their

term of office in respect of liabilities to which they are legally liable as a result of the performance of their business.

Chapter V Managerial Officer

Article 17 The Company may have one or more managerial officers. Appointment, discharge and the compensation of the managerial officers shall be in compliance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18 The Company's fiscal year shall begin on January 1 and end on December 31 of each year, and the board of directors shall prepare and submit to the shareholders meeting for recognition the following forms:

1. The annual business report.
2. The financial statements.
3. The surplus earnings distribution or loss make-up proposal.

Article 19 (Deleted)

Article 20 The Company shall set aside 2% to 5% of its annual net income before tax as compensation to employees and not more than 2% as compensation to directors. However, if the Company still has accumulated losses (including the amount of adjustments to undistributed earnings), the amount of compensation shall be reserved in advance to cover such losses.

The aforementioned compensation to employees may be distributed in the form of shares or in cash; the employees entitled to receive such compensation may include employees of subsidiaries of the Company who meet the criteria set by the board of directors. The compensation to directors in the preceding paragraph may be distributed in cash only.

The preceding two paragraphs shall be resolved by the board of directors and reported to the shareholders meeting.

Article 20-1 If there is any net income after tax for the period, the Company shall first cover the accumulated losses (including the adjustments to undistributed earnings) and set aside 10% as legal reserve in accordance with the law; however, except when the accumulated legal reserve has reached the Company's paid-in capital. The Company may also set aside or reverse the special reserve as required by law or by the competent authority. For the remaining surplus, together with the undistributed earnings at the beginning of the period (including the amount of adjustments to undistributed earnings), the board of directors shall prepare a proposal for

the distribution of the earnings and submit it to the shareholders for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to distribute dividends to shareholders at a rate of not lower than 50% of the net profit after tax for the period of the year in light of current and future development plans, the investment environment, capital requirements and domestic and international competition, and the interests of shareholders, except when the distributable earnings for the period are below the current net profit after tax. Dividends distributed to shareholders shall be in cash or in shares, provided that cash dividends shall not be less than 10% of the total amount of the stock dividends, unless the stock dividends are below one dollar per share.

Article 21 Any matters not covered by these Articles of Incorporation shall be governed by the provisions of the Company Act and relevant regulations.

Article 21-1 The articles of association and by-laws of the Company shall be separately prescribed by the board of directors.

Article 22 These Articles of Incorporation were established on January 20, 1988.
The 1st amendment was made on June 1, 1988.
The 2nd amendment was made on May 23, 1989.
The 3rd amendment was made on October 3, 1989.
The 4th amendment was made on October 23, 1991.
The 5th amendment was made on November 10, 1994.
The 6th amendment was made on August 25, 1997.
The 7th amendment was made on December 21, 1998.
The 8th amendment was made on December 1, 1999.
The 9th amendment was made on January 17, 2000.
The 10th amendment was made on March 28, 2000.
The 11th amendment was made on March 21, 2001.
The 12th amendment was made on January 17, 2003.
The 13th amendment was made on July 15, 2003.
The 14th amendment was made on June 24, 2005.
The 15th amendment was made on May 20, 2007.
The 16th amendment was made on August 17, 2009.
The 17th amendment was made on June 29, 2010.
The 18th amendment was made on May 10, 2011.
The 19th amendment was made on June 20, 2012.
The 20th amendment was made on June 17, 2015.

The 21st amendment was made on June 17, 2016.
The 22nd amendment was made on June 21, 2017.
The 23rd amendment was made on June 13, 2018.
The 24th amendment was made on May 28, 2020.
The 25th amendment was made on May 27, 2021.

Sanitar Co., Ltd.

Chairperson: Hsiao Chun-hsiang

II. Rules of Procedure for Shareholders Meetings

Sanitar Co., Ltd.

Rules of Procedure for Shareholders Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
- The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of an explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
- The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by

directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.

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

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may make a proposal for urging the corporation to promote public interests or fulfill its social responsibilities in accordance with the relevant provisions of Article 172-1 of the Company Act, and any proposal exceeding one shall not be included in the agenda.

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

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

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals

that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

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

Article 6

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

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

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

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

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

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

Article 7

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

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

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

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

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

- Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
- The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 10 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

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

Article 11

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

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

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

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

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

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

Article 12

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

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

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

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

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

Article 13

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. The results of shareholders' affirmative, negative and abstaining votes shall be entered into the Market Observation Post System on the date of the shareholders' meeting.

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

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

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

Article 14

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit

pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

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

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

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

Article 16

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

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

Article 17

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

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

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

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

shareholder from the meeting.

- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
- A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effective in the same manner.
- Article 20 These Rules were established on June 21, 2002.
- The 1st amendment was made on June 29, 2010.
- The 2nd amendment was made on May 10, 2011.
- The 3rd amendment was made on June 20, 2012.
- The 4th amendment was made on June 17, 2015.
- The 5th amendment was made on May 28, 2020.
- The 6th amendment was made on May 27, 2021.

III. Shareholding Status of the Directors

1. In accordance with the related laws and regulations, the shares which shall be held by the current directors of the Company shall be as follows:

The common shares issued by the Company	72,600,000 shares
The shares which shall be held by all the directors in accordance with the related laws and regulations	5,808,000 shares

2. By the end of March 28th, 2022, which was the book closure date before the annual shareholders meeting, the number of shares held by the directors in the shareholder register were as follows:

Title	Name	Number of Shares Held	Ratio
Director	HSIAO, CHUN-HSIANG	5,013,581	6.91%
Director	CHANG, YUNG-NAN	1,881,975	2.59%
Director	TSAI, MING-XI	1,573,195	2.17%
Director	LIN, KUO-HUA	2,572,574	3.54%
Independent Director	HO, JENG-WEI	0	0.00%
Independent Director	CHENG, SHENG-IN	0	0.00%
Independent Director	LIN, JING	0	0.00%
Independent Director	CHEN, HSIEN-CHIEN	0	0.00%
Total of the numbers and ratios of shares held by all the directors		11,041,325	15.21%

Note: 1. In accordance with Article 26 of the Securities and Exchange Act and Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the directors of the Company shall respectively hold 10% of the outstanding shares of the Company.

2. In accordance with Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, for a Company which has no less than 2 independent directors be elected and appointed, the shareholding ratios for the directors shall become 80% of the ratios mentioned above.
3. The number of shares held by the directors of the Company met the requirements of related laws and regulations.

IV. The Effect of the Issuance of Stock Grants on the Operating Performance and Earnings per share of the Company and the Return on Investment for Shareholders

Unit: NT\$

Item		Fiscal Year	FY2022 (Estimate)
Paid-in Capital at the Beginning of the Current Period			726,000,000
Dividends and Payout in the Current Period	Cash dividends per share		2.00 (Note 1)
	Dividends per share from the earnings transferred to capital increase		0 (Note 1)
	Dividends per share from the additional paid-in capital transferred to capital increase		0 (Note 1)
Changes in Operating Performance	Operating profit		Not applicable (Note 2)
	Increase (decrease) rate of operating profit comparing to the same period in last fiscal year		
	Net income after tax		
	Increase (decrease) rate of net income after tax comparing to the same period in last fiscal year		
	Earnings per share		
	Increase (decrease) rate of earnings per share comparing to the same period in last fiscal year		
	Average annual return on investment (average annual earnings yield)		
Pro forma Earnings per Share and Price-earnings Ratio	If the total amount of the earnings transferred to capital increase is changed into the distribution of cash dividends	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If the unprocessed additional paid-in capital is transferred to capital increase	Pro forma earnings per share	
		Pro forma earnings per share	
	If the additional paid-in capital is not processed and earnings transferred to capital increase is changed into the distribution of cash dividends	Pro forma earnings per share	
		Pro forma earnings per share	

Note: 1. This is to be determined by the resolution of the annual shareholders meeting this time.

2. This is not applicable because the Company did not disclose its financial forecast for FY2022 to the general public.

**Thank you for your
participation in the annual
shareholders' meeting!**