

YAGEO Corporation

2021 Extraordinary General Meeting of Shareholders Meeting Minutes

(Translation)

Time: Tuesday 9:00 a.m. on September 7, 2021

Place: Conference Room B , THE PENG'S AGORA GARDEN - XINDIAN

2F., No. 219, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan

Total outstanding YAGEO shares : 491,918,857 shares (excluding 4,000,000 non-voting shares)

Total shares represented by shareholders present in person or by proxy : 352,797,604 shares

Percentage of outstanding share held by shareholders present in person or by proxy : 71.71%

Chairperson : Tie-Min Chen, Deng-Rue Wang (Deputy)

Recorder : Kevin Yang

Attendees : Deng-Rue Wang (Director), Cheng-Ling Lee (Independent Director),

Eddie Lee (CFO), Yung-Hsiang Chao, CPA of Deloitte & Touche,

Huiling Wang , Attorney of Lotus International Law Office

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

(Due to the Chairman had official business, the Chairman authorized Deng-Rue Wang to act as the chairman deputy temporarily.)

Chairperson Remarks (omitted)

Report Items

Item a: Report on the results of the Company's Audit Committee deliberating on the share exchange of the Company with Chilisin Electronics Corp.

Explanation: After considering the commissioned independent expert's opinions on the fairness of exchange ratio in question, which is one Chilisin common stock to 0.2002 the Company's common stock, the said Committee believes the said ratio falls within a reasonable range for share exchange and concludes that the share exchange ratio is generally fair. After reviewing the Share Exchange Agreement the Committee finds that the Agreement is made in accordance with governing laws and that the terms and conditions for the said share exchange is generally fair. The Audit Committee

Meeting Minutes, Share Exchange Agreement and the Independent Expert's Opinions on Share Exchange Ratio Fairness are provided in the Attachments I through IV, respectively.

Discussions

Item a

Amendment to the Operational Procedures for Acquisition and Disposal of Assets. (Proposed by the Board of Directors)

Explanation: The Company's actual operation necessitates a revision on the Company's Procedure for Assets Acquisition or Disposition. The before-after revision table is provided in Attachment V.

Resolution:

351,662,651 votes were represented at the time of voting (including votes casted electronically); 240,741,549 votes were in favor of the proposal; 79,478,839 votes were cast against the proposal; 31,442,263 votes were invalid.

68.45% voted for the proposal. The proposal was approved as the number of votes supporting the proposal exceeded the number of votes required by law and company policies.

Item b

The Company plans to issue new shares to complement a share exchange in order to obtain 100% shares of the Chilisin Electronics Corp., and the Shareholders' Meeting's approval for the Board's Share Exchange Agreement and the Capital Increase through New Shares Issuance. (Proposed by the Board of Directors)

Explanation: 1. The Company and the Chilisin Electronics Corp. (Chilisin) are working on a share exchange in order to achieve higher synergy and tighter cooperation, and, to this end, the Company plans to issue new shares to complement the said exchange acquiring 100% of Chilisin shares (the Share Exchange). Please refer to Attachment III Share Exchange Agreement for details concerning the said exchange.

2. The exchange ratio for the Share Exchange is one Chilisin common stock to 0.2002 the Company's common stock. The said ratio is determined based on the considerations of the CPA-certified and the audited financial reports of fiscal 2020 and the first quarter of 2021 issued by both companies, review results issued by the independent expert commissioned by both companies, operation status quo, current stock prices, earnings per shares, both companies operation condition and future operation synergy and development conditions, and an agreement is made in accordance with the expert's exchange ratio fairness

opinions. Unless otherwise agreed by both parties, neither The Company nor Chilisin may change or modify the exchange ratio stated in the Share Exchange Agreement. Should any revision to the exchange ratio in the Agreement become necessary, it shall require further negotiation between the boards of both companies. In a situation that causes rational shares after the exchange, the concerned shareholders may consolidate their fractional shares as a work-around or, alternatively, the Company pays cash to acquire such fractional shares pro rata to their face value (the lowest denomination shall be integer TWD), and the Company's chairperson of the Board will be given the authorization to sell such shares to selected buyers at face value. In a situation that the laws requires or the convenience in operation calls for revisions to the fractional share consolidation methods here-mentioned, the boards of both companies shall jointly handle it at their discretion.

3. To achieve the Share Exchange in question the Company plans to issue 47,688,673 new shares of common stock at TWD 10 par, totaling TWD 476,886,730, to Chilisin shareholders as of the exchange target date but exclude the Company's shareholders. The rights and obligations of the said new shares are identical to the Company's already outstanding common stock. However, the quantity of the new shares to be issued shall be the quantity determined first by deducting the quantity of Chilisin common stock to be cancelled as of the exchange target date or as required by the laws and the quantity of Chilisin shares already held by the Company as of the exchange target date from total Chilisin common stock actually outstanding as of the exchange target date, then by multiplying the result with the agreed exchange ratio. The Board of the Company may moderate the quantity.
4. The Company and Chilisin have jointly determined, for the time being, the exchange target date to be Dec. 30, 2021. Should either party fails to obtain necessary approval from the competent authority or completes resolution process in a board meeting or shareholders' meeting prior to the exchange date, the said date shall be adjusted and announced jointly by the boards of both companies.
5. After the completion of the share exchange in question the Chilisin will be delisted as required. Subject to the governing laws and approvals from Taiwan Share Exchange and Financial Supervisory Committee, Chilisin will terminated share trading and delist as of the exchange target date, followed by cancelling its public issuance, and, as a result, its Articles of Association shall be revised accordingly.
6. The Shareholders' Meeting is asked to authorize the Board of the Company to negotiate with the board of Chilisin to handle the situation, if any, where the Share Exchange Agreement needs to fix certain minor issues, or its revision is

required by the laws or as instructed by the competent authority or become necessary due to objective and/or subjective environment has changed.

7. The independent director, Mr. Cheng-Ling Lee, is given full authorization to represent the Company regarding to the matters of signing on the Share Exchange Agreement with Chilisin and all deeds or instruments concerning the said exchange.

The chairperson of the Board of the Company, or the proxy named by the chairperson, is given full authorization to undertake all prudent and necessary acts and procedures, except legal acts, concerning the Chilisin exchange in question, including but not limited to presenting related documents to the competent authority and undertaking miscellaneous tasks.

The chairperson of the Board of the Company, or the proxy named by the chairperson, is given full authorization to undertake the tasks necessary for the revision, if any, of the exchange in question as required by the competent authority or change of objective environment.

8. Mr. Chi-Sheng Chiu, a CPA at Crowe Taiwan and an independent expert commissioned by the Company's Audit Committee, has issued his opinions on the fairness of the exchange ratio in question, as provided in Attachment IV, which concludes that a range of ratio as one Chilisin share to 0.1945 to 0.2302 YAGEO share. is considered fair. The pending Share Exchange in question has a ratio of one Chilisin share to 0.2002 YAGEO shares, which falls well within the said fair range recommended by the said independent expert.

Supplement Explanation:

According to Item 3, Article 5 of the Business Mergers and Acquisitions Act: " In the merger and acquisition by a company, a director who has a personal interest in the transaction of merger and acquisition shall explain to the Board meeting and the general meeting the essential contents of such personal interest and the cause of approval or dissent to the resolution of merger or acquisition." The directors of the Company explained the relevant matters as follows: Tie-Min Chen, who is the Chairman of the Company and also the Chairman of the Chilisin, the ultimate shareholder of Hsu Chang Investment Ltd and Shi Hen Enterprise Ltd. was same person. Since the proposal is in the interests of the Company, the participation of the aforesaid directors in the discussion and voting for the proposal were not likely to damage the interests of the Company. However, in order to ensure the objectivity of the resolution, Tie-Min Chen, the Chairman of the Company and the representatives of Hsu Chang Investment Ltd (Chin-San Wang, Deng-Rue Wang, Tzong-Yeong Lin, Lai-Fu Lin, Shih-Chien Yang) still voluntarily withdrew and did not exercise their voting rights when discussing the proposal. However, considering that the proposal is to strengthen the operation of both companies to improve the synergy, it should be in the interests of the Company, so the aforesaid directors were in favor of the proposal.

Resolution:

Due to some shareholders expressed disagreement before the meeting, after deducting the 122,595 votes waived by dissenting shareholders, 351,540,056 votes were represented at the time of voting (including votes casted electronically); 321,052,420 votes were in favor of the proposal;

55,477 votes were cast against the proposal; 30,432,159 votes were invalid.

91.32% voted for the proposal. The proposal was approved as the number of votes supporting the proposal exceeded the number of votes required by law and company policies.

Extraordinary Motions

There being no other special motion, upon a motion duly made and seconded, the meeting was adjourned.

(Questions raised by the shareholders and the management's responses were omitted.)

Chairman: Tie-Min Chen, Deng-Rue Wang (Deputy)

Recorder: Kevin Yang

Attachment I :

YAGEO Corporation The First Interim Audit Committee Session 8 Meeting Minutes

Date and time: 14:00, Jun. 29, 2021

Place: Room 3410, 3F., 233-1, Baoqiao Rd., Xindian Dist, New Taipei City 23145, Taiwan

Attendees: Cheng-Ling Lee (video call), Hong-So Chen (video call) and Lin Hsu Tun Son (video call).

Attendance: 3 present in person (including video call), 0 through proxy, 0 on leave and 0 absent.

Sit-in: Kim Chang/CFO, Kevin Yang/Director, Nonie Wang/Board Secretary

I. Chairperson's welcome speech (omitted)

II. Agenda

Motion 1: To invite independent expert to present opinion report on price fairness regarding to the swap ratio in the pending stock swap. Approval requested.

Description:

1. The Company plans to acquire 100% Chilisin shares through new share issuance and stock swap. To comply with Article 6 of the Business Mergers and Acquisitions Act and Article 6 of the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition, the Committee plans to invite Mr. Chi-Sheng Chiu, a CPA at Crowe Taiwan, to offer his opinions on the fairness of the swap ratio for the said swap.
2. Credential and statement of the said independent expert is provided in Attachment 1.
4. For your review and approval.

Resolution: The chairperson has consulted with all members present, and this motion is passed with unanimity.

III. Other motions or provisional motions: NIL

IV. Adjourned

Chairperson: Cheng-Ling Lee

Meeting minutes by: Nonie Wang

Attachment II :

YAGEO Corporation The First Interim Audit Committee Session 9 Meeting Minutes

Date and time: 13:30, Jun. 30, 2021

Place: Room 3410, 3F., 233-1, Baoqiao Rd., Xindian Dist, New Taipei City 23145, Taiwan

Attendees: Cheng-Ling Lee (video call), Hong-So Chen (video call) and Lin Hsu Tun Son (video call).

Attendance: 3 present in person (including video call), 0 through proxy, 0 on leave and 0 absent.

Sit-in: Kim Chang/CFO, Kevin Yang/Director, Nonie Wang/Board Secretary

I. Chairperson's welcome speech (omitted)

II. Agenda

Motion 1: Amendment to the Operational Procedures for Acquisition and Disposal of Assets.

Description:

1. The Company's actual operation necessitates a revision on the Company's Procedure for Assets Acquisition or Disposition. Approval requested.
2. The before-after revision table is provided in Attachment (1)
3. For your review and approval.

Resolution: The chairperson has consulted with all members present, and this motion is passed with unanimity.

Motion 2: The Company plans to issue new shares to complement a Share Exchange in order to obtain 100% shares of the Chilisin Electronics Corp., and the Shareholders' Meeting's approval for the Board's Share Exchange Agreement and the Capital Increase through New Shares Issuance Approval requested.

Description:

1. The Company and the Chilisin Electronics Corp. (Chilisin) are working on a share exchange in order to achieve higher synergy and tighter cooperation, and, to this end, the Company plans to issue new shares to complement the said exchange acquiring 100% of Chilisin shares (the Share Exchange). Please refer to Attachment (2) Share Exchange Agreement for details concerning the said exchange.
2. The exchange ratio for the Share Exchange is one Chilisin common stock to 0.2002 the Company's common stock. The said ratio is determined based on the considerations of the CPA-certified and the audited financial reports of fiscal 2020 and the first quarters of 2021 issued by both companies, review results issued by the independent expert commissioned by both companies, operation status quo, current stock prices, earnings per shares, both companies operation condition and future operation synergy and development conditions, and an agreement is made in accordance with the expert's exchange ratio fairness opinions. Unless otherwise agreed by both parties, neither the Company nor Chilisin may change or modify the exchange ratio stated in the Share Exchange Agreement. Should any revision to the exchange ratio in the Agreement become necessary, it shall require further negotiation between the boards of both companies. In a situation that causes rational shares after the exchange, the concerned shareholders may consolidate their fractional shares as a work-around or, alternatively, the Company pays cash to acquire such fractional shares pro rata to their face value (the lowest denomination shall be integer TWD), and the Company's chairperson of the Board will be given the authorization to sell such shares to selected buyers at face value. In a situation that the laws

requires or the convenience in operation calls for revisions to the fractional share consolidation methods here-mentioned, the boards of both companies shall jointly handle it at their discretion.

3. To achieve the Share Exchange in question the Company plans to issue 47,688,673 new shares of common stock at TWD 10 par, totaling TWD 476,886,730, to Chilisin shareholders as of the exchange target date but exclude the Company's shareholders. The rights and obligations of the said new shares are identical to the Company's already outstanding common stock. However, the quantity of the new shares to be issued shall be the quantity determined first by deducting the quantity of Chilisin common stock to be cancelled as of the exchange target date or as required by the laws and the quantity of Chilisin shares already held by the Company as of the exchange target date from total Chilisin common stock actually outstanding as of the exchange target date, then by multiplying the result with the agreed exchange ratio. The Board of the Company may moderate the quantity.
4. The Company and Chilisin have jointly determined, for the time being, the exchange target date to be Dec. 30, 2021. Should either party fails to obtain necessary approval from the competent authority or completes resolution process in a board meeting or shareholders' meeting prior to the exchange target date, the said date shall be adjusted and announced jointly by the boards of both companies.
5. After the completion of the share exchange in question the Chilisin will be delisted as required. Subject to the governing laws and approvals from Taiwan Stock Exchange and Financial Supervisory Committee, Chilisin will terminated share trading and delist as of the exchange target date, followed by cancelling its public issuance, and, as a result, its Articles of Association shall be revised accordingly.
6. The Shareholders' Meeting is asked to authorize the Board of the Company to negotiate with the board of Chilisin to handle the situation, if any, where the Share Exchange Agreement needs to fix certain minor issues, or its revision is required by the laws or as instructed by the competent authority or become necessary due to objective and/or subjective environment has changed.
7. Mr. Chi-Sheng Chiou, a CPA at Crowe Taiwan and an independent expert commissioned by the Company's Audit Committee, has issued his opinions on the fairness of the exchange ratio in question, as provided in Attachment (3), which concludes that a range of ratio as one Chilisin share to 0.1945 to 0.2302 YAGEO share is considered fair. The pending Share Exchange in question has a ratio of one Chilisin share to 0.2002 YAGEO share, which falls well within the said fair range recommended by the said independent expert.
8. Please review the fairness and reasonableness of the share exchange in question.
9. For your review and approval.

Resolution: After considering the commissioned independent expert's opinions on the fairness of exchange ratio in question, which is one Chilisin common stock to 0.2002 the Company's common stock, the said Committee believes the said ratio falls within a reasonable range for share exchange and concludes that the share exchange ratio is generally fair. After reviewing the Share Exchange Agreement the Committee finds that the Agreement is made in accordance with governing laws and that the terms and conditions for the said share exchange is generally fair. The chairperson has consulted with all members present, and this motion is passed with unanimity.

III. Other motions or provisional motions: NIL

IV. Adjourned

Chairperson: Cheng-Ling Lee

Meeting minutes by: Nonie Wang

Attachment III : (attachment (2) of the First Interim Audit Committee Session 9 Meeting Minutes)

Share Exchange Agreement

This Share Exchange Agreement (the Agreement) is entered into on June 30, 2021 (the Signature Date) by and between the following parties (a Party or Parties):

- I. YAGEO Corporation, a Party incorporated in accordance with the laws of the Republic of China, Taiwan, with Tax ID 22636630 and main office established at 3F., No. 233-1 and 3F., No. 233-2, Baoqiao Rd., Xindian Dist., New Taipei City (Party A), and
- II. CHILISIN Electronics Corporation, a Party incorporated in accordance with the laws of the Republic of China, Taiwan, with Tax ID 47006693 and main office established at No. 29, Ln. 301, Dexing Rd., Neighborhood 1, Heping Village, Hukou Township, Hsinchu County (Party B) (Party A and Party B are collectively referred to as Both Parties).

WHEREAS, Both Parties wish to achieve higher synergy through tighter cooperation and thus plan to conduct a share exchange project in accordance with the Business Mergers And Acquisitions Act and the terms and conditions stated in this Agreement. Party A is to issue common stocks to Party B shareholders, excluding Party A shareholders, as a consideration for acquiring all outstanding common stocks issued by Party B. Upon completion of the share exchange in question Party B shall become a subsidiary wholly owned by Party A (the Share Exchange).

NOW, THEREFORE, in consideration of the foregoing facts and the mutual covenants herein contained, Party B have entered into this Agreement and hereby agree as follows:

Article 1 Share Exchange Method

Both Parties agree that, in accordance with the share exchange method provided in Article 29 of the Business Mergers And Acquisitions Act, Party B shall transfer all outstanding shares to Party A (excluding the Party B's shares already held by Party A) as a consideration for Party B shareholders to acquire Party A's newly issued common stocks. Upon completion of the share exchange in question Party B shall become a subsidiary wholly owned by Party A.

Article 2 Paid-up capital and outstanding shares quantity and type prior to exchange

2.1 Party A's capital and outstanding shares quantity and type prior to exchange

- 2.1.1 As of the Signature Date, Party A's capital as stipulated in its Articles of Association is TWD 40,000,000,000, which is divided into 4,000,000,000 shares at TWD 10 PAR and may be issued in installments. Of the total shares, 325,000,000 shares are reserved for employee

stock option at TWD 10 PAR. As of the Signature Date, Party A's paid-up capital is TWD 4,988,838,570 and is divided into 498,883,857 shares of common stock. In addition, as a result of a Board resolution dated June 8, 2021, Party A has cancelled 2,965,000 shares of common stock from its 13th round treasury stock buy-back but not yet transferred to employee, and the target date of capital reduction is set at August 9, 2021.

2.1.2 As of the Signature Date, Party A has issued USD 180,000,000 of unsecured overseas convertible bonds in five rounds, in addition to another USD 180,000,000 pending issuance. The conversion price is TWD 468.64.

2.1.3 Party A does not issue any equity-based marketable securities other than the ones stated in Article 2.1.1 through 2.1.2. As of the Signature Date, Party A holds 4,000,000 shares of treasury common stock in total.

2.1.4 As of the Signature Date, Party A holds 25,276,032 shares of Party B's common stock, equivalent to 9.6% of Party B's 263,453,193 shares of total outstanding common stock.

2.2 Party B's capital and outstanding shares quantity and type prior to exchange

2.2.1 As of the Signature Date, Party B's capital as stipulated in its Articles of Association is TWD 5,000,000,000, which is divided into 500,000,000 shares at TWD 10 PAR and may be issued in installments. Of the total shares, 30,000,000 shares are reserved for issuing stock warrant certificates, bond with attached warrant and preferred stock with attached warrant at TWD 10 PAR. As of the Signature Date, Party B's paid-up capital is TWD 2,634,531,930 and is divided into 263,453,193 shares of common stock. However, the common stocks pending issuance to the employee who opt to exercise their Fiscal 2015 employee stock option, as explained in Article 2.2.3, and the common stocks already issued as stock option but not yet registered are not included in the total outstanding shares hereto.

2.2.2 As of the Signature Date, Party B has issued TWD 2,000,000,000 of unsecured domestic convertible bonds in six rounds, in addition to another TWD 879,600,000 pending issuance. The conversion price is TWD 90.6.

2.2.3 As of the Signature Date, Party B's the second round employee stock option certificates in 2015 (2015 Employee Stock Option) already issued and still outstanding can be redeemed into 153,000 shares of Party B's common stock at TWD 43.2 per share. In addition, there are still 28,000 shares of Party B's common stock already issued but not yet registered. Party B's Board resolution dated Apr. 22, 2021 has set to issue 10,000,000 shares of employee stock option certificates, each of which may be converted to Party B's common stock (Party B's 2021 Employee Stock Option Certificates), but as of the Signature Date none of the Certificates has been issued.

2.2.4 Party B does not issue any equity-based marketable securities other than the ones stated in Article 2.1.1 through 2.1.2 or hold any treasury stock.

2.3 Both parties agree, unless otherwise agreed in this Agreement, that neither Party may cause the abovementioned paid-up capital or issue any equity-based marketable securities prior to the Share Exchange target date without written consent from the opposite party, with the following exceptions:

The creditors of Party A's fifth round of unsecured overseas convertible bond exercise their conversion rights;

The treasury stocks cancelled by Party A as stated in Article 2.1.1;

The treasury stocks cancelled by Party A as stated in Article 2.1.3 as required by the laws and the creditors of Party B's sixth round unsecured domestic convertible bonds exercise their conversion rights;

Party B's employee exercise their rights of 2015 Employee Stock Option Certificates; and

Party B issues its 2021 Employee Stock Option Certificates or Party B's employee exercise their rights of 2021 Employee Stock Option

Article 3 Exchange ratio and expected issuance of new shares

- 3.1 The ratio adopted in the share exchange in question is agreed and determined by both parties not only under the premise that the ratio must agree with the opinions on fair ratio from the independent expert commissioned by both parties, but also with references to, among other things, both parties' financial statements from fiscal 2020 to 2021 Q1 examined and scrutinized by both parties' accountants, audit results produced by the independent expert commissioned by both parties, both parties' operation status quo, market prices of shares and earning per shares, and future synergy and development conditions for both parties' operations.
- 3.2 Both parties agree that Party A shall follow the due process for capital increase as the laws may require and issue new shares to Party B's shareholders on the Share Exchange target date (which is set to be Dec. 30, 2021) according to the shareholders registered in Party B's shareholder list in exchange to replace Party B's stock held by its shareholders at a ratio of one Party B's registered common stock to 0.2002 share of Party A's registered common stock, to which ratio may be adjusted according to Article 4 of this Agreement, excluding Party B's stock already held by Party A, provided that the approval necessary for the Share Exchange in question is obtained from the competent authority and that this Agreement is neither cancelled or terminated by a Party due to any breach of this Agreement.
- 3.3 The quantity of shares that Party B's shareholders expect to transfer to Party A in the Share Exchange in question shall be the quantity of the common stock actually issued by Party B as of the Share Exchange target date, deducting the quantity of Party B's common stock that shall be cancelled as required by the laws and the quantity of Party B's shares held by Party A as of the Share Exchange target date.
- 3.4 Party A expects to issue 47,688,673 shares of common stock, totaling TWD 476,886,730, for the Share Exchange in question to the shareholders registered on Party B's shareholders list, excluding Party A, at TWD 10 PAR. However, the final quantity of the newly issued shares shall be the quantity of the common stock actually issued by Party B as of the Share Exchange target date, deducting the quantity of Party B's common stock that shall be cancelled as required by the laws and the quantity of Party B's shares held by Party A as of the Share Exchange target date.

3.5 In a situation where fractional shares happen after the exchange, the concerned shareholders may consolidate their fractional shares as a work-around, or, alternatively, Party A shall pay cash to acquire such fractional shares pro rata to their face value (the lowest denomination shall be integer TWD), and Party A's chairperson of the Board will be given the discretion to sell such shares to selected buyers at face value. In a situation where the laws or the convenience in operation calls for revisions to the fractional share consolidation methods here-mentioned, the boards of both Parties shall jointly handle it at their discretion.

Article 4 Share Exchange ratio adjustment

4.1 Each Party shall propose to its general shareholders meeting to authorize its Board to handle the following matters at discretion from the Signature Date to the Share Exchange target date: (1) in the case that the issue mentioned in Article 4.1.1 (1) happens, the Boards of both Parties shall jointly adjust the Share Exchange ratio according to the formula stated below within ten business days after the Share Exchange has been approved by the general shareholders' meetings of both Parties or another deadline negotiated by both Boards; (2) unless otherwise agreed in this Agreement, in the case that any of the issues mentioned in Articles 4.1.1 (ii), and 4.1.2 through 4.1.4 happens, the Boards of both Parties shall jointly adjust the Share Exchange ratio according to the formula stated below within either ten business days or another deadline negotiated by both Boards after the happening of the respective issue listed in below. In the case of Situation (1) or (2) here-mentioned, neither Party is required to call for a shareholders' meeting for a resolution on exchange ratio adjustment. The adjusted Share Exchange ratio shall be determined by multiplying the ratio stated in Article 3.2 by the adjustment factor, as illustrated in below, using floor-rounding method and all numbers below the fourth place after decimal point shall be dropped.

$$= \frac{(\text{Current q'ty of A's common stock} + \text{Q'ty of A's new shares} - \text{A's q'ty of shares affected by its cash cap. reduction} - \text{Q'ty of A's buy} - \text{back treasury stock for cancellation}) / \text{Current q'ty of A's common stock}}{(\text{Current q'ty of B's common stock} + \text{Q'ty of B's newly issued shares} - \text{B's q'ty of shares affected by its cash cap. reduction} - \text{Q'ty of B's buy} - \text{back treasury stock for cancellation}) / \text{Current q'ty of B's common stock}} \\ \times \frac{1 - ((\text{B's refund per share} + \text{B's cash dividend}) / (\text{A's closing price before Board decision} \times \text{Original exchange ratio}))}{1 - ((\text{A's refund per share} + \text{A's cash dividend}) / \text{A's closing price before Board decision})}$$

Current quantity of Party A's common stock: the quantity of Party A's outstanding common stock as of the Signature Date.

Quantity of Party A's newly issued shares: The quantity of the common shares issued by Party A in accordance with Article 4.1.2, excluding the quantity of the newly issued shares received by Party A's creditors through exercising Party A's unsecured overseas convertible bonds of its existing fifth round bond issuance.

Party A's quantity of shares affected by its cash capital reduction: The quantity of Party A's common stock reduced by Party A in accordance with Article 4.1.2.

Quantity of Party A's buy-back treasury stock intended for cancellation: The quantity of Party A's common stock reduced by Party A in accordance with Article 4.1.3, excluding the treasury stocks cancelled by Party A in accordance with Articles 2.1.1 and 2.1.3 or the stocks repurchased and then cancelled by Party A due to its shareholders' legal objection to the Share Exchange.

Current quantity of Party B's common stock: the quantity of Party B's outstanding common stock already issued as of the Signature Date.

Quantity of Party B's newly issued shares: The quantity of the common stock issued by Party A in accordance with Article 4.1.2, excluding the quantity of the newly issued shares that received by Party B's creditors through exercising Party B's unsecured domestic convertible bonds of its existing sixth round bond issuance, that received by Party B's employee as a result of exercising the 2015 Employee Stock Option and that received by Party B's employee as a result of exercising the 2021 Employee Stock Option.

Party B's quantity of shares affected by its cash capital reduction: The quantity of Party B's common stock reduced by Party B in accordance with Article 4.1.2.

Quantity of Party B's buy-back treasury stock intended for cancellation: The quantity of Party B's common stock reduced by Party B in accordance with Article 4.1.3, excluding the stocks repurchased and then cancelled by Party B due to its shareholders' legal objection to the Share Exchange.

Party A's refund per share: The money amount that Party A actually refunds for every share in implementing Article 4.1.2.

Party B's cash dividend: The money amount of cash dividend per share actually paid by Party A for fiscal 2021 and 2022 (including cash dividend derived from earning before tax, legal reserve distribution in cash and capital reserve distribution in cash).

Party B's refund per share: The money amount that Party B actually refunds for every share in implementing Article 4.1.2.

Party B's cash dividend: The money amount of cash dividend per share actually paid by Party B for fiscal 2021 and 2022 (including cash dividend derived from earning before tax, legal reserve distribution in cash and capital reserve distribution in cash).

Party A's closing price before Board decision: Party A's per share closing price on the trading day prior to the decision approving the Share Exchange in question is made by Party A's Board

- 4.1.1 (i) Both Parties have completed their 2020 earnings distributions and Party A has completed its capital reserve distribution per Board decision dated Apr 22, 2021; or (ii) either Party has completed its 2022 cash dividend distribution (including cash dividend derived from earning before tax, legal reserve distribution in case and capital reserve distribution in case);
- 4.1.2 When either Party obtains prior written consent from the opposite Party to conduct capital increase, capital reduction and issuance of equity-based securities like convertible bonds and new restricted stock award (RSA) shares. However, the quantity of the newly issued shares received by Party A's creditors through exercising Party A's unsecured overseas convertible bonds of its existing fifth round bond issuance and the quantity of the newly issued shares that received by Party B's creditors through exercising Party B's unsecured domestic convertible bonds of its existing sixth round bond issuance, that received by Party B's employee as a result of exercising the 2015 Employee Stock Option and that received by Party B's employee as a result of exercising the 2021 Employee Stock Option shall be excluded;
- 4.1.3 When both Parties legally reduce their respective capital (such as buy-back treasury stocks or obtain its own stocks through other legal channels and then cancel the said stocks), but the treasury stocks cancelled by Party A as stated in Articles 2.1.1 and 2.1.3, or the stocks repurchased and then cancelled by the respective Party due to its shareholders' legal objection to the Share Exchange; and
- 4.1.4 Situations other than provided from Article 4.1.1 through 4.1.3 that dilute or may dilute either Party's shares.
- 4.2 Both Parties shall propose to their respective shareholders' meeting for passing a resolution that authorizes their Boards to, unless otherwise provided in this Agreement, immediately commence negotiation on exchange ratio as mentioned in Article 3.2 if any of the following events happens during the period from the Signature Date to the exchange target date, and make adjustment accordingly within ten business days after

the happening of the said event or before a deadline alternatively agreed by both parties without the need of further calling for shareholders' meetings to decide on exchange ratio adjustment:

- 4.2.1 The original exchange ratio becomes apparently unfair because a party has encountered an incident not attributable to itself, including Force Majeure event, critically unfavorable change in technology and major lawsuit;
- 4.2.2 An instruction or administrative sanction by the competent authority in accordance with laws: Adjustment of the exchange ratio stated in Article 3.2 becomes necessary due to an instruction or administrative sanction by the competent authority reinforcing legal requirement or prohibition;
- 4.2.3 A Party disposes its major asset or takes acts that critically affect its finance or business; and
- 4.2.4 Adjustment of the exchange ratio as stated in Article 3.2 becomes necessary due to other major event (including but not limited to a party's material breach of its representation and guarantee as stated in Article 9).
- 4.3 The terms critical and/or material used in this Agreement shall mean a severity of an event (excluding changes of fair value measurement and market risk assessment causing financial tools such as financial asset and financial liability to impact on net value) that increases or decreases the net value as stated on a Party's latest financial reports examined and reviewed by an accountant by 5% or more (during a period from the Signature Date to the Share Exchange target date).
- 4.4 Both Parties may negotiate for an alternative exchange target date if the situations stated in Article 4.2 become reality and both Parties either fail to reach an agreement or do reach an agreement but not approved by their boards on exchange ratio adjustment before the deadline prescribed in Article 4.2. However, either party may terminate this Agreement after notifying the opposite party with a written notice when both Parties fail to reach an agreement on the said exchange ratio adjustment.

Article 5 Party A's Articles of Association, capital, outstanding share quantity and share types after share exchange

- 5.1 After the share exchange, Party A's authorized capital shall be TWD 40,000,000,000, divided into 4,000,000,000 shares at TWD 10 PAR and may be issued in installments. After issuing new common stocks in accordance with Article 3.4, the paid-up capital is set to be TWD 5,465,725,300, divided into 546,572,530 shares (without deducting the treasury stocks to be cancelled as stated in Article 2.1.1).
- 5.2 The agreed paid-up capital amount as stated in Article 5.1 shall be adjusted accordingly when both parties' paid-up capital amounts increase or decrease due to capital increase, capital reduction or issuance of equity-based securities like convertible bond or new restricted employee stock award shares during a period from the Signature Date to the Share Exchange target date.

Article 6 Board of directors and the directors

- 6.1 Party B shall terminate its listed securities and withdraw public offering and modify its articles of association upon the completion of the Share Exchange.
- 6.2 Upon the completion of the Share Exchange, the positions of Party A's chairperson of the Board and directors shall be held by Party A's original chairperson of the Board and directors, and Party B's directors shall be dismissed on the exchange target date, while the new chairperson of the Board of Party B shall be assigned by Party A in accordance with the laws. However, should Party A wish to assign Party B's original chairperson as Party B's new chairperson, Party A shall separately consult with Party B's original chairperson.

Article 7 Share Exchange schedule

- 7.1 Both parties agree to set Dec. 30, 2021 as the exchange target date for now, except that the boards of both parties may change the date to meet the needs of actual progress of the exchange.
- 7.2 Both parties shall call for shareholders' meeting respectively in accordance with the laws to approve the Exchange in question and this Agreement before Sep. 30, 2021.
- 7.3 Both parties shall execute the Share Exchange as scheduled. However, should the said schedule is paused due to applicable laws or competent authority's order, both parties agree to negotiate for a modified schedule and carry on with the Share Exchange.
- 7.4 Both parties may further negotiate for a modified schedule if the Share Exchange is not completed as scheduled as mentioned from Article 7.1 through 7.3 and not remedied before Dec. 30, 2022. However, either party may terminate this Agreement after notifying the opposite party with a written notice if the said negotiation fails.

Article 8 Agreement force and prerequisite conditions to the completion of the Exchange

- 8.1 This Agreement shall come into force upon signing by both parties; both parties shall perform this Agreement faithfully.
- 8.2 Completion, delivery or fulfillment of the following tasks, instruments or evidence shall be the prerequisite conditions to releasing a party's obligations to materialize the Share Exchange:
- 8.2.1 Both parties' shareholders' meetings' approval of the Share Exchange and this Agreement;
- 8.2.2 Necessary permits, consent or approval for the Share Exchange from the competent authority;
- 8.2.3 Remaining free of any provisional injunction, ruling, order, restriction, hindrance, prohibition or material limitation by a court of jurisdiction that may prevent the Share Exchange from completion;
- 8.2.4 The representations and guarantees made by both parties remain valid and true;

8.2.5 Duly performance of this Agreement by both parties without any material breach to their representations, guarantees or covenants.

8.3 Unless otherwise an extension is agreed in written by both parties or an extension is provided in this Agreement, if the prerequisite conditions as stated in Article 8.2 are not wholly satisfied as of Dec. 30, 2022, then this Agreement shall be terminated automatically on the following date. Both parties agree that the said termination does not release both parties from their liabilities (including but not limited to damage liability) accrued prior to the said termination.

Article 9 Representation and guarantee

Both parties mutually represent and guarantee that all of the following statements are true and accurate during the period from the Signature Date to the Share Exchange target date:

- 9.1 Duly established and existing: the party is duly established and registered under the laws of the Republic of China, Taiwan and exist legally with all licenses, permits, approvals and other papers sustaining its operation in hand without material violations to the laws.
- 9.2 Legitimacy and effectiveness of this Agreement: the signing and performing this Agreement does not violate (1) the laws of the Republic of China, Taiwan; (2) the ruling, order or disposition form a court or competent authority; (3) articles of association or resolution of the board or shareholders' meeting; or (4) legally binding deed, agreement, representation, covenant, guarantee, warranty, promise or other obligation. Signing on and performing this Agreement shall require legal and valid resolution and authorization.
- 9.3 Resolution and authorization from the board: As of the Signature Date the board has determined and passed this Agreement, and the person signing on this Agreement has been authorized by the board to sign on this Agreement as the representative of the company.
- 9.4 No major change, acquisition or disposal in major assets: Other than the information already disclosed to the opposite party, a party is maintaining its regular operation without any violation to the laws, court ruling, competent authority's order or disposition or the company's articles of association or other regulations governing internal control, audit and governance that may lead to major unfavorable impact on the party's finance, business, property, operation or shareholders' equity. In addition, there is no change in the party's business, operation and financial condition nor acquisition or disposition of major asset that may lead to major unfavorable impact on the party's finance, business, property, operation or shareholders' equity.
- 9.5 Tax filing and payment: Other than the information already disclosed to the opposite party, a party has filed all legally required tax reports based on facts within deadline and rendered all tax payments within deadline without any procrastination, omission, shortage, tax evasion or other violation to the applicable tax laws, order or interpretative letter, to the extent that may cause major unfavorable impact on the company's business, finance, asset, operation or shareholders' equity.

- 9.6 Lawsuit and non-litigation event: Other than the information already disclosed in a party's financial statements and separately disclosed to the opposite party, there is no lawsuit or non-litigation event in progress that may cause the company's business, operation, finance, asset or signing of performing this Agreement to have major unfavorable impact on finance, business, asset, operation or shareholders' equity.
- 9.7 Asset and liability: All assets and liabilities derived from business operation have been listed in the financial statements provided to the opposite party, and, other than the information already disclosed in the financial statements, the party legally owns the assets it claims and their use, profit and disposition are free from any lieu or restriction.
- 9.8 No new major debt: Other than the debt already disclosed in the latest financial statements audited and certified by an accountant or other debt accrued in normal course of business operation, as of the Signature Date, there is not any newly added debt, obligation, encumbrance or contingent liability that may cause major unfavorable impact on the company's business, finance, asset, operation or shareholders' equity.
- 9.9 Major contract and commitment: All major guarantees, assurances, other major contracts, agreements, representations, arrangements, obligations or detrimental commitment signed, agreed or undertook by a party have been thoroughly disclosed to the opposite party without any falsification, concealment or other untrue or misleading that may cause major unfavorable impact to the party's finance, business, property, operation or shareholders' equity.
- 9.10 Derivatives trades: All derivative positions already held or in-progress trades made by a party comply with applicable laws, internal control rules and risk control rules without violation to the extent that may seriously jeopardize the party's finance, business, property, operation or shareholders' equity.
- 9.11 Environment practice: Other than the information already disclosed to the opposite party, a party complies with all regulations applicable to the party's businesses that require permit for contamination prevention facility installation or contaminant discharge, payment for pollution prevention fee and deployment of dedicated environment protection unit/personnel. All compliant practices required by the laws are satisfied and there is no environment pollution event or punishment administered by environment authority may cause major unfavorable impact on the party's finance, business, property, operation or shareholders' equity.
- 9.12 Other than the information already disclosed to the opposite party, there is no major labor dispute or punishment administered by labor authority due to violation to labor code may cause major unfavorable impact on the party's finance, business, property, operation or shareholders' equity.
- 9.13 Information critical to this Agreement: A party has used its due diligence in verifying that the information disclosed to the opposite party is necessary, true and accurate without any falsification, error or major concealment.

Article 10 Promises

- 10.1 Party A promises to undertake the followings during the period from the Signature Date to the Share Exchange target date:

- 10.1.1 To maintain normal operations and activities and use due diligence in its business management.
- 10.1.2 Under the premise of not violating any laws or orders, immediately inform the opposite party upon learning of any pending or imminent major lawsuit, arbitration, non-litigation event, administrative relief, demand, investigation or proceeding in which itself is a litigant.
- 10.1.3 Use due diligence to expedite all legally required procedures concerning the Share Exchange in question, including but not limited to the approval from the shareholders' meeting or obtaining necessary permits, consents or approvals from the competent authorities.
- 10.1.4 Not to engage without written consent from the opposite party with any third party operating same businesses as the opposite party does and competing against opposite party (Opposite Party's Competitors) in any negotiation or enter into any contract, agreement, other promise, letter of intent or memorandum that (i) concerns acquisition, share exchange, asset assignment, strategic alliance, consigned operation, joint venture or investment in any company or any other profit-seeking organization; (ii) concerns entering into, modifying or terminating contracts of leasing all businesses, commissioning Opposite Party's Competitors to operate or jointly operate business with Opposite Party's Competitors on regular basis; (iii) assigning all or major part of businesses or properties to Opposite Party's Competitors; (IV) receiving all businesses or properties of Opposite Party's Competitors; (V) leading to results similar to (i) through (iv).
- 10.2 Party B promises that during the period from the Signature Date to the Share Exchange target date it will not engage in the following activities that may critically impact Party B's finance, business or operation, unless otherwise separately agreed by both parties:
 - 10.2.1 acquisition or disposition (including but not limited to creating right of pledge on property) any asset essential to operation, except that Party A has informed the opposite party in written about the said activity with a reasonable lead time and obtain prior written consent from the opposite party.
 - 10.2.2 Negotiating or entering into with any third party any contract, agreement, other promise, letter of intent or memorandum that (i) concerns acquisition, share exchange, asset assignment, strategic alliance, consigned operation, joint venture or investment in any company or any other profit-seeking organization; (ii) concerns entering into, modifying or terminating contracts of leasing all businesses, commissioning Opposite Party's Competitors to operate or jointly operate business with Opposite Party's Competitors on regular basis; (iii) assigning all or major part of businesses or properties to Opposite Party's Competitors; (IV) receiving all businesses or properties of Opposite Party's Competitors; (V) leading to results similar to (i) through (iv).
 - 10.2.3 mounting a major reorganization, hiring dramatically more labor force or adjusting compensation packages for management and directors.
 - 10.2.4 Modifying articles of association, except doing so is a part of performance of this Agreement or legal compliance.
 - 10.2.5 Filing a lawsuit or administrative dispute or relief against a third party, except doing so is a countermeasure to the lawsuit or administrative dispute or relief filed by a third party.
 - 10.2.6 Seeking settlement (including arbitration) or entering into or cancelling a contract for a lawsuit or administrative dispute or relief in progress.

10.2.7 Giving exclusive license, assigning, pledging, disposing or acting in similar way on any intangible asset (such as intelligence property right).

10.3 Party A promises the followings during the period from the Signature Date to the Share Exchange target date:

10.3.1 Maintaining its normal operation and activities and use due diligence in managing its business.

10.3.2 Informing the opposite party immediately upon learning of any pending or imminent major lawsuit, arbitration, non-litigation event, administrative relief, demand, investigation or proceeding in which itself is a litigant or target.

10.3.3 Using due diligence to expedite all legally required procedures concerning the Share Exchange in question, including but not limited to the approval from the shareholders' meeting or obtaining necessary permits, consents or approvals from the competent authorities.

Article 11 Labor affairs

11.1 No change will be made to the seniority already accrued by both parties' employee up to the exchange target date. The Share Exchange shall protect employee's legally qualified rights by complying with the Business Mergers and Acquisitions Act and applicable labor laws concerning detainment and rights of both parties' employee.

Article 12 Dispute

12.1 A party whose shareholders contest to issues concerning the Share Exchange or the resolution concerning this Agreement by citing the Business Mergers and Acquisitions Act and demand buying back their shares shall buy back such contesting shareholders' shares in accordance with the Business Mergers and Acquisitions Act and the Company Act.

12.2 Article 13 of the Business Mergers and Acquisitions Act shall be applicable to both parties regarding to the share buy-back abovementioned.

Article 13 Principles for handling equity-based securities and treasury stock

13.1 Bearers of Party B's sixth round unsecured domestic convertible bonds, excluding the bonds already sold back or converted by their bear-creditors, may convert the bonds to Party A's common stock in accordance with applicable laws, rules for the issuance and conversion of the said bonds and the exchange ratio determined in this Agreement after the Share Exchange target date and after Party A has obtained necessary approval from the competent authority without the need for further approval from both parties' shareholders meetings. To avoid any doubt, the exchange ratio hereto will not be adjusted to both parties' future ex-right and ex-dividend results after the exchange target date.

13.2 The original terms and conditions applicable to Party B's 2015 and 2021 Employee Stock Option Certificates shall remain the same, except that the redeem price and quantity shall be adjusted according to the exchange ratio determined in this Agreement and that the redeem shares will be changed to Party A's new common stock. Party A shall comply with the applicable laws and follow competent authority's instruction in exercising employee stock option.

13.3 Either party may buy back and dispose its outstanding shares in accordance with the laws during the period from the Signature Date to exchange target date.

Article 14 Party B's delisting

14.1 Party B shall delist according to applicable regulations after the completion of the Share Exchange. Should the applicable laws and Taiwan Stock Exchange Corporation allow, Party shall delist on the exchange target date and shall revise its articles of association accordingly.

14.2 Party B shall file for cancelation of public offering to the Financial Supervisory Commission before the exchange target date.

Article 15 Taxes and fees

All taxes and fees (including but not limited attorney's, accountant's and other consultants' fees) arising from signing or performing this Agreement shall be borne by their respective party, regardless Share Exchange is completed or not. However, the party that breaches and causes this Agreement to cancel shall bear all taxes and fees hereto.

Article 16 Breaching

16.1 A party's failure to perform this Agreement or any major obligation, promise, representation or guarantee under this Agreement, which failure by its nature is rectifiable, along with its failure to rectify before a deadline after receiving a written notice from the non-breaching party demanding rectification within a reasonable time, shall constitute a breach to this Agreement.

16.2 When a breach occurs, the non-breaching party may legally exercise its rights, seek for relief, demand damages, and terminate or cancel this Agreement, and further demand expenses of preparatory works and performing transactions for this Agreement.

Article 17 Termination

- 17.1 Unless otherwise both parties agree in written to terminate or cancel this Agreement, either party may terminate this Agreement with a written notice prior to the exchange target date if any of the followings occurs:
- 17.1.1 A party materially breaches any representation, guarantee, promise or other articles of this Agreement, which breach by its nature is rectifiable, and fails to rectify within 15 days or before an alternative deadline agreed by both parties after receiving a written notice about the said breach from the non-breaching party, the opposite party may terminate this Agreement with a written notice. If the breach is not rectifiable and is severe, then the opposite party may terminate this Agreement with a written notice.
 - 17.1.2 Either party may terminate this Agreement with a written notice to the opposite party if the Share Exchange in question has been prohibited by the laws, court judgment or ruling or competent authority's order or administrative sanction, and the said prohibition or restriction is confirmed and final and beyond salvageable even by modifying this Agreement.
 - 17.1.3 A party shall not be held liable to the opposite party if the party is prevented from or forced to delay its performance of this Agreement due to events not attributable to the party, such as natural disaster, flood, storm, earthquake, typhoon, tsunami, plague or war (collectively referred to as Force Majeure Event). However, a party shall inform the opposite party within 3 days from the said Force Majeure Event. A Force Majeure Event does not release a party from its responsibility of resuming its performance of this Agreement and obligations immediately after the cessation of the said Event. If the said Event continues toward the exchange target date, both parties may negotiate and determine an alternative target date. If both parties fail to agree on the said alternative target date, then either party may terminate this Agreement with a written notice to the opposite party.
- 17.2 After the termination of this Agreement, both parties shall take immediate actions to stop the Share Exchange, and either party may demand the opposite party to return or destruct the papers, data, files, objects, plans, trade secrets and other tangible information the opposite party has obtained in the course of discussion or implementation of the merger in question immediately after the termination of this Agreement.

Article 18 Change, addition or reduction of the parties in the Exchange

Should both parties agree to allow additional company to partake in the Share Exchange before the exchange target date and after the legal disclosure of the Share Exchange, all processes and actions as required by the laws already taken concerning this Agreement shall be re-processed and re-taken again by all participating companies, and all participating companies shall jointly negotiate and sign a Share Exchange agreement.

Article 19 Miscellaneous

- 19.1 The interpretation, force and performance shall be governed by the laws of the Republic of China, Taiwan. All other issues omitted in this Agreement shall be governed by the applicable laws.

- 19.2 Any article of this Agreement that contradicts with the laws and therefore become null and void shall be declared null and void, but the remaining articles shall have full force. Any article of this Agreement that requires modification due to competent authority's instruction, change of laws or practical needs shall be modified according to competent authority's instruction or revised by both parties' boards according to competent authority's instruction without the need of approval from the shareholders' meeting.
- 19.3 All disputes arising from this Agreement shall be first resolved through friendly negotiation. However, should a resolution not reached thirty days after a party's written request for negotiation, both parties agree to submit the said dispute to Taiwan New Taipei District Court, the court of first instance.
- 19.4 Revision and modification to this Agreement shall require consent from both parties, be made in written and submitted to both parties' boards for decision.
- 19.5 Neither party may assign all or partial rights or transfer all of partial obligations of this Agreement to a third party without prior written consent from the opposite party.
- 19.6 Unless otherwise regulated by the laws or agreed in this Agreement, both parties agree to keep stringent practice of confidentiality for all papers, data, files, objects, plans, trade secrets and other tangible and intangible information (collectively referred to as Confidential Information) that one party delivers to the opposite party or receives from the opposite party to serve the purpose of this Agreement. Without prior written consent from the party that provides the said Confidential Information (the Disclosing Party), the party that receives the said Confidential Information (the Receiving Party) may not disseminate, divulge or publish any CFO to any third party. The confidentiality obligation does not apply to the following Confidential Information:
- 19.6.1 The Confidential Information that the Receiving Party can prove that the Confidential Information is already available to the public or is already in public domain without the Party's breaching this Agreement.
- 19.6.2 The Confidential Information that the Receiving Party can prove that it already has the knowledge of the Confidential Information before disclosed by the Disclosing Party.
- 19.6.3 The Confidential Information that the Receiving Party can prove that it has obtained the Confidential Information from a third party not under confidentiality obligation.
- 19.6.4 The Confidential Information that the Receiving Party can prove that it independently develops the Confidential Information.
- When the Receiving Party is forced to disclose the Confidential Information due to legal requirement or order by a court of government agency, the Receiving Party shall inform the Disclosing Party in written upon receiving the said order, so that the Disclosing Party may take reasonable protective measures.
- The confidentiality obligation abovementioned shall survive the cancellation, revocation, termination or cessation for any reason of existence of this Agreement.

19.7 This Agreement constitutes the entire agreement between both parties regarding to the terms and conditions stated in this Agreement and shall replace all agreements, arrangements or promises made in written or oral by both parties.

19.8 This Agreement is made in two counterparts; each of which shall be held and kept by a party.

Below is left empty intentionally.

Party A: YAGEO Corporation

Representative: Cheng-Ling Lee

Address: 3F., No. 233-1 and 3F., No. 233-2, Baoqiao Rd., Xindian Dist., New Taipei City

Party B: Chilisin Electronics Corporation

Representative: Yu-Chang Lin

Address: No. 29, Ln. 301, Dexing Rd., Neighborhood 1, Hesing Village, Hukou Township, Hsinchu County

Date: June 30, 2021

Attachment IV : (attachment (3) of the First Interim Audit Committee Session 9 Meeting Minutes)

YAGEO-Chilisin

**Share Exchange Ratio Fairness Independent Expert Opinion
Report**

Client: YAGEO Corporation

Evaluation subject Chilisin Electronics Corporation

Evaluation date: June 29, 2021

Evaluation report date: June 29, 2021

Company: Crowe Taiwan (Taipei Office)

Valuation personnel: Chi-Sheng Chiu / CPA

Practicing license No.: Jing-Guan-Zheng-Shen-Zi-10200032833

Address: 10F., No. 369, Fuxing N. Rd., Songshan Dist., Taipei City

Executive Summary

1. Commissioner and valuation report recipient: YAGEO Corporation (YAGEO)
2. Valuation subject: Share exchange ratio between Chilisin Corporation's (Stock code 2456; Chilisin or Subject Company) value of controlling shares and YAGEO shares.
3. Valuation purpose and use: YAGEO and Chilisin wish to increase synergy through tighter cooperation. YAGEO plans to issue new shares for a share exchange with Chilisin and acquire Chilisin as a wholly owned subsidiary of YAGEO (the Share Exchange). According to Article 6 of the Business Mergers And Acquisitions Act and Article 6 of the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition, YAGEO has commissioned the CPA to offer opinions on the exchange ratio fairness. Which will be presented to YAGEO's shareholders' meeting, the Board and Audit Committee as a reference and not intended for other uses.
4. Valuation date: June 29, 2021
5. Opinions in conclusion: The CPA has referenced to quantifiable financial figures and objective market data and used market price method and price-to-earnings ratio approach in comparable company analysis to calculate the premium rate of the consideration in the merger by share exchange. The results suggest a range of fair YAGEO-Chilisin share exchange ratio as one Chilisin share to 0.1945 to 0.2302 YAGEO share. In the Share Exchange in question YAGEO proposes a exchange ratio of one Chilisin share to 0.2002 YAGEO share, which falls within the said fair range, and therefore is an adequate and reasonable ratio.

Crowe Taiwan

CPA:

Date: June 29, 2021

Independent Expert's Disclaimer

The CPA, who issues the YAGEO-Chilisin Share Exchange Ratio Fairness Independent Expert Opinions in accordance with the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition and the applicable laws and with reference to the Valuation Standard of the Republic of China, Taiwan or the guidelines issued by professional union, disclaims as follow:

1. The opinions that I have expressed and the data source, parameters and information that I have used in the valuation service are complete, accurate and reasonable as the foundation of my opinions.
2. Prior to accepting this commission, I have been confirmed that I do qualify the criteria stipulated in Article 5-1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and have been prudently verified that I do have the professional capacity and practical experience.
3. When performing the commissioned services, I have thoroughly planned and performed adequate procedures to arrive at my conclusion and opinion. The procedures, data collection and conclusion are stated thoroughly and faithfully in the working notes.
4. There is no contingent remuneration in this project.
5. No presumption is made for the conclusion and opinion in this project.
6. There is no relation as related party or de facto related party of any party to the transaction as prohibited in Article 5-1-2 and 5-1-3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. I hereby announce that none of the followings apply to myself:
 - (1) Myself or my spouse is currently hired by a party in the transaction to assume a full-time job with fixed compensation or assigned as a director/supervisor.
 - (2) Myself or my spouse has been previously assigned as a director/supervisor, manager or employee holding a position that may assert considerable influence on the transaction in question but dismissed or departed less than two years ago.
 - (3) The employer of myself or my spouse is a related party to a party in the transaction in question.
 - (4) I am a spouse or a relative of second degree to a director/supervisor, manager or employee holding a position that may assert considerable influence on the transaction in question in the transaction in question.
 - (5) Myself or my spouse owns major investment or shares financial interest with a party in the transaction in question.

Crowe Taiwan

Chi-Sheng Chiu, CPA

June 29, 2021

I. Commissioned service description

(1) Commissioner and valuation report recipient:

YAGEO Corporation (YAGEO)

(2) Valuation expert:

Chi-Sheng Chiu, CPA; Crowe Taiwan; Address: 10F., No. 369, Fuxing N. Rd., Songshan Dist., Taipei City.

(3) Valuation subject:

Share exchange ratio between Chilisin Corporation's (Stock code 2456; Chilisin or Subject Company) value of controlling shares and YAGEO shares.

(4) Valuation purpose and use:

YAGEO and Chilisin wish to increase synergy through tighter cooperation. YAGEO plans to issue new shares for a share exchange with Chilisin and acquire Chilisin as a wholly owned subsidiary of YAGEO (the Share Exchange). According to Article 6 of the Business Mergers And Acquisitions Act and Article 6 of the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition, YAGEO has commissioned the CPA to offer opinions on the exchange ratio fairness. Which will be presented to YAGEO's shareholders' meeting, the Board and Audit Committee as a reference and not intended for other uses.

(5) Valuation date:

June 29, 2021

(6) Valuation standards:

The valuation adopts fair value as the value standard. According to the International Financial Reporting Standards No. 13 – Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition is closer to the fair market price of the valuation standard.

(7) Valuation premise:

The valuation premise assumes the most-likely scenario of the transaction in question. According to the valuation purpose, the valuation process assumes that continual business operation is the premise.

(8) Valuation process:

The CPA adopts Valuation Standard 4-4 when performing valuation process:

1. Evaluate the acceptance of the valuation project.
2. Sign a retainer contract.
3. Obtain and analyze information.
4. Valuation.

5. Draft valuation report .
6. Issue opinion according to the valuation results.
7. Keep working notes in archive.

(9) Data source:

The major data sources used in this valuation:

1. Chilisin official website.
2. Information published by Chilisin to the Market Observation Post System (such as annual shareholders' meeting report and financial statements).
3. Taiwan Economic Journal database.
4. Various data sources used in the valuation are quoted in chapter/section notes.

(10) Assumptions and limitations of the valuation

See Attachment 1.

II. Company Summary

i. Company background

YAGEO (2327.TW) is established since Sep. 9, 1990 and listed since October 1993. YAGEO is formerly the Taiwan Impedance Co., Ltd. and focus on manufacturing precision resistors. After the merger with its distributor, YAGEO, it is renamed as YAGEO. The company is a globally leading manufacturer in passive components like MLCC, R-Chip (chip resistor), HF antenna, electrolysis capacitor, inductor, conductor resistor and magnetic material, and the largest supplier of R-Chip in the world. YAGEO currently has four major product groups: R-Chip, MLCC, chip inductor and other products like ceramic antenna and magnetic material.

Chilisin Electronics Corporation (2456.TW) is established since Aug. 30, 1972 and listed since September 2001. It is the only company in Taiwan that owns full-line inductor manufacture process technology and is capable of production in volume and controls manufacture technology and core technology throughout the upper- and middle-stream. Currently its miniaturization technology is on par with major manufactures in Japan and has surpassed Japanese competitors in molding products. Chilisin's major business includes manufacturing and sales of dust core, coil, chip inductor and composite electronic components and manufacturing, processing and trade of metallic powder, magnetic powder and ceramic powder.

ii. Financial information

1. Simplified balance sheet

(in TWD thousand)

Company Period	YAGEO		Chilisin		
	2021 Q1	2020	2021 Q1	2020 (revised)	2020 (not revised)
Current asset	76,402,502	69,939,422	14,914,207	15,444,829	17,365,614
Non-current asset	114,729,544	113,091,468	23,500,536	23,579,502	24,706,777

Company Period	YAGEO		Chilisin		
	2021 Q1	2020	2021 Q1	2020 (revised)	2020 (not revised)
Total asset	191,132,046	183,030,890	38,414,743	39,024,331	42,072,391
Current liabilities	68,904,714	67,402,774	8,607,568	9,073,785	10,198,599
Non-current liabilities	48,402,176	46,128,780	4,293,680	5,164,008	6,274,123
Total liabilities	117,306,890	113,531,554	12,901,248	14,237,793	16,472,722
Capital - common stock	4,969,841	4,969,433	2,633,292	2,579,450	2,579,450
Proceeds- New Issued	18,998	408	-	-	-
Conversion Entitlement Certificates	-	-	1,240	53,842	53,842
Capital stock	4,988,839	4,969,841	2,634,532	2,633,292	2,633,292
Additional Paid-In Capital	23,151,361	23,099,157	18,580,582	18,976,643	18,976,643
Legal reserve	7,331,396	7,331,396	976,358	976,358	976,358
Appropriated Retained Earnings	2,945,827	2,945,827	985,931	985,931	985,931
Unappropriated Retained Earnings	42,725,750	37,693,529	3,001,441	3,035,749	3,056,960
Retained earnings	53,002,973	47,970,752	4,963,730	4,998,038	5,019,249
Other equity	(4,946,076)	(4,157,336)	(847,194)	(1,113,931)	(1,113,931)
Treasury stock book value	(2,421,552)	(2,421,552)	-	-	-
Total parent company shareholders' equity	73,775,545	69,460,862	25,331,650	25,494,042	25,515,253
Predecessor's interest under common control	-	-	-	2,239,825	-
Non-common control equity before merger	-	-	-	(3,118,584)	-
Non-controlling interest	49,611	38,474	181,845	171,255	84,416
Total shareholders' equity	73,825,156	69,499,336	25,513,495	24,786,538	25,599,669
Liability and total shareholders' equity	191,132,046	183,030,890	38,414,743	39,024,331	42,072,391
Net value per share (TWD)	148.45	140.6	96.15	93.48	96.89

2. Simplified income statement

(in TWD thousand)

Company Period	YAGEO		Chilisin		
	2021 Q1	2020	2021 Q1	2020 (revised)	2020 (not revised)
Net operating revenue	23,749,028	67,672,108	4,362,719	15,504,913	17,437,999
Operating cost	14,453,493	41,015,041	3,119,819	11,204,924	12,772,071
Gross profit	9,295,535	26,657,067	1,242,900	4,299,989	4,665,928
Operating expenses	3,151,357	9,175,150	710,460	2,526,540	2,686,626
Operating income	6,144,178	17,481,917	532,440	1,773,449	1,979,302

Company Period	YAGEO		Chilisin		
	2021 Q1	2020	2021 Q1	2020 (revised)	2020 (not revised)
Non-operating income and expenses	433,808	(1,457,023)	125,223	(192,014)	(105,746)
Income before tax	6,577,986	16,024,894	657,663	1,581,435	1,873,556
Income tax expenses	1,443,031	3,021,712	124,211	311,338	330,483
Profit (loss) from continuing operations	5,134,955	13,003,182	533,452	1,270,097	1,543,073
Net profit (loss) attributed to parent company	5,023,997	12,979,739	492,278	1,503,331	1,524,542
Consolidated net income (loss) attributed to non-controlling interest	10,958	23,443	8,708	37,131	18,531
Net gain/loss of Predecessor's interest under common control	-	-	54,572	182,725	-
Net gain/loss of successor's interest under common control	-	-	(22,106)	(453,090)	-
Net value per share (TWD)	10.17	27.58	1.87	5.82	5.91

Data source: The data shown above is obtained from the Market Observation Post System, except the Chilisin revised 2020 financial report obtained and then provided by YAGEO.

Note: According to the Market Observation Post System, Chilisin has made an important announcement on Jan. 13, 2021 that it has disposed 100% shares of a subsidiary, Ralec, and has acquired 100% shares of Both hand Enterprise Inc. After discussion with the CPA who certifies its financial reports, Chilisin management has recognized that the said acquisition is an reorganization under common control and therefore, according to IFRS-3 standard dated Oct. 26, 2018 pertaining to accounting guideline for merger of companies under common control, revised its previous comparison financial report with merger from beginning and dissolution from the beginning rules. As a result, the information used in this valuation opinion is the revised past financial information.

III. Valuation approach

i. Explanation of equity valuation methods

According to the Valuation Standard 4-15, valuator shall rely on his/her professional judgment and consider the nature of the valuation case in hand and all valuation methods commonly used and choose the most reasonable valuation that reveal the value of the subject company. Among the methods suggested in the Valuation Standard 11-17, the commonly used market approach, revenue approach and asset approach are explained in below:

1. Market approach: including market price method, comparable company method and comparable transaction method. The values of the comparable companies of similar type in the market are used as reference. Adjustments are made to the subject

company's difference in market or transaction to analyze and calculate the subject company's recent performance and reasonable market value.

2. Revenue method: Cash flow method is an example. Based on the future cash flow the subject company creates from operation, the said cash flow is converted through capitalization or discount to the subject company's value.
3. Asset method: Based on the subject company's book value, the total value derived from its assets and liabilities is evaluated with considerations of the fair prices of the assets and liabilities, transaction costs and taxations to determine its overall value.

ii. Selection of valuation method

As Chilisin is a Taiwan Exchange listed company and can trade its shares on securities market, its shares are active and exchanged freely, which means its stock price is a very good reference, therefore the market price method under the market approach is selected. Also, the CPA has at the same time referred to the comparable company method under market approach, considered the industry type, product, operation scale, capital structure and profitability of other comparable companies in the same trade whose stocks are also comparably active and uses the implied value factor to calculate the price book ratio and price-to-earnings ratio as valuation foundation to determine the fairness of YAGEO-Chilisin share exchange ratio.

Because the subject company's future financial estimates are not available and not enough information is available, the revenue method is abandoned. Asset method requires item-by-item analysis on the subject company's assets and liabilities, which consumes too much time and is difficult to cover all assets and liabilities, in other words, asset method would be a better option for high asset-to-value corporates, holding companies and liquidating companies, the asset method will not be used in the valuation.

iii. Selection of comparable companies

Chilisin's 2020 business profile consists of chip inductor and power inductor (63%), resistor (16%) and magnetic material/powder (11%). The companies to be selected must satisfy the premise of having actively traded stock and are similar in industry type, product, operation scope, capital structure and profitability. The CPA has selected five comparable companies in below:

1. Tai-tech (stock code 3357) 2020 profile: coil (68.45%), chip (20.12%) and power adaptor (10.74%)
2. Inpaq Technology (stock code 6284) 2020 profile: HF component (61.00%) and protection component (38.94%)
3. Walsin Technology (stock code 2492) 2020 profile: Capacitor (61.10%), chip resistor (21.50%) and RF component (10.10%)
4. Arlitech Electronic (stock code 6432) 2020 profile: Inductor (69.25%), protection

component (14.55%) and others (16.20%) and others (16.20%)

5. King Core (stock code 6155) 2020 profile: Iron core (59.30%), chip resistor (21.38%) and precision coil (14.82%).

Based on the information obtained from the Market Observation Post System, the financial capacity and PE ratio comparisons between the subject company and the comparable companies are summarized in the tables below:

1. Simplified consolidated balance sheet as of 2021/03/31

(in TWD thousand)

Company Item	3357 Tai-tech	6284 Inpaq	2492 Walsin	6432 Arlitech	6155 King Core
Current asset	3,552,576	4,519,998	37,648,695	962,784	1,957,182
Non-current asset	3,170,091	3,348,114	47,515,470	161,080	715,933
Total asset	6,722,667	7,868,112	85,164,165	1,123,864	2,673,115
Current liability	2,452,058	1,793,296	19,829,838	336,241	1,206,048
Non-current liability	430,138	796,866	16,726,112	31,568	28,949
Total liability	2,882,196	2,590,162	36,555,950	367,809	1,234,997
Capital stock	910,000	1,401,803	4,858,043	300,252	868,427
Total capital reserve	168,173	3,045,883	6,041,161	259,394	196,753
Retained earnings	2,777,538	859,586	28,650,020	228,071	361,363
Other equity	(15,240)	(27,904)	1,858,185	(31,662)	11,575
Total parent company shareholders' equity	3,840,471	5,277,950	41,294,155	756,055	1,438,118
Non-controlling interest	-	-	7,314,060	-	-
Total shareholders' equity	3,840,471	5,277,950	48,608,215	756,055	1,438,118
Net value per share (TWD)	42.20	37.66	85.08	25.18	16.56

2. 2020 Q1 simplified consolidated balance sheet

(in TWD thousand)

Company Item	3357 Tai-tech	6284 Inpaq	2492 Walsin	6432 Arlitech	6155 King Core
Net operating income	1,374,114	1,523,311	10,505,914	305,862	178,783
Operating cost	915,912	1,139,388	7,421,520	208,099	125,647
Gross profit	458,202	383,923	3,084,394	97,763	53,136
Operating expenses	205,968	236,052	957,605	63,496	27,893
Operating income	252,234	147,871	2,126,789	34,267	25,243
Non-operating income and expenses	18,931	15,195	533,325	(467)	(742)
Income before tax	271,165	163,066	2,660,114	33,800	24,501
Income tax expenses	40,253	33,855	448,617	11,367	5,436
Profit (loss) from continuing operations	230,912	129,211	2,211,497	22,433	19,065
Other Comprehensive Income	(975)	26,551	875,335	(3,509)	3,619
Total comprehensive income	229,937	155,762	3,086,832	18,924	22,684
Net profit (loss) attributed to parent company	230,912	129,211	1,969,583	22,433	19,065
Consolidated net income (loss) attributed to non-controlling interest	-	-	241,914	-	-
Consolidated Net Income Attributed to parent company	229,937	155,762	2,752,128	18,924	22,684
Consolidated Net Income Attributed to non-controlling interest	-	-	334,704	-	-
Earnings Per Share (TWD)	2.54	0.92	4.06	0.75	0.22

3. Financial capacity and PE ratio comparisons between Chilisin and the comparable companies

(1) Profitability

Item	Y/M	2456 Chilisin	3357 Tai-tech	6284 Inpaq	2492 Walsin	6432 Arlitech	6155 King Core
Gross profit ratio	2021/3	28.49	33.35	25.2	29.36	31.96	29.72
Operating income ratio	2021/3	12.2	18.36	9.71	20.24	11.2	14.12
Net profit margin	2021/3	12.23	16.8	8.48	21.05	7.33	10.66

(2) Solvency

Item	Y/M	2456 Chilisin	3357 Tai-tech	6284 Inpaq	2492 Walsin	6432 Arlitech	6155 King Core
Current ratio	2021/3	173.27	144.88	252.05	189.86	286.34	162.28
Quick ratio	2021/3	128.6	118.94	190.33	154.59	231.15	148.19
Debt ratio	2021/3	33.58	42.87	32.92	42.92	32.73	46.2
Long-term capital adequacy ratio	2021/3	306.6	145.99	261.1	261.16	689.75	509.77
Debt Service Coverage Ratio	2021/3	26.81	120.51	132.82	53.22	120.01	15.59

(3) Operation capacity comparison

Item	Y/M	2456 Chilisin	3357 Tai-tech	6284 Inpaq	2492 Walsin	6432 Arlitech	6155 King Core
Receivables Turnover Ratio	2021/3	2.92	2.88	3.03	3.72	3.14	3.58
Days Payable Outstanding	2021/3	124.75	126.38	120.18	97.93	116.06	101.62
Inventory Turnover (times)	2021/3	3.26	6.18	6.19	4.79	5.15	3.14
Total Assets Turnover	2021/3	0.43	0.85	0.79	0.5	1.1	0.27
Fixed asset turnover	2021/3	1.72	2.05	2.84	1.77	11.12	2.5

(4) P/E Ratio comparison

	2456 Chilisin	3357 Tai-tech	6284 Inpaq	2492 Walsin	6432 Arlitech	6155 King Core
MA 5	15.10	16.59	19.17	12.97	12.95	EPS less than TWD 1 and is omitted.
MA 10	14.98	16.29	19.07	12.94	12.46	
MA 20	14.82	16.10	18.97	12.77	12.18	
MA 30	14.63	15.39	18.62	12.58	12.03	
MA 60	15.13	17.28	19.90	13.45	12.50	

Note: PE Ratio comparison is based on June 29, 2021 and uses closing prices on 5, 10, 20, 30, and 60 days to compare with each company's latest fiscal year's earnings per share (2020/04/04 – 2021/03/31).

IV. Calculating equity value of the subject company

i. Market price method

As a listed company in Taiwan, Chilisin's open market stock price is an objective reference, therefore this valuation opinion adopts the open market prices of the sample companies to evaluate YAGEO's and Chilisin's moving average 5, 10, 20, 30 and 60 days' closing prices prior to June 29, 2021, which prices are then used as the base for calculating the fair range of YAGEO-Chilisin share exchange ratio. The results are summarized in the table below:

Item	MA Closings (Note)		Exchange ratio
	YAGEO	Chilisin	
MA5	539.80	100.70	0.1866
MA10	536.70	99.92	0.1862
MA20	516.33	98.85	0.1914
MA30	500.57	97.55	0.1949
MA60	514.03	100.90	0.1963
Exchange ratio range			0.1862~ 0.1963

Data source: Taiwan Economic Journal database and the CAP author.

ii. Comparable company method

Comparable companies' P/B ratios and P/E ratios derived from their latest financial reports can be used to compare with Chilisin's book value per share and earnings per share to estimate a reasonable YAGEO-Chilisin share exchange ratio.

YAGEO's and Chilisin's moving average 5, 10, 20, 30 and 60 days' closing prices and each company's book value per share and earnings per share prior to June 29, 2021 are summarized in the table below:

in TWD thousand

Comparable companies	MA Closings (Note 1)					Book value per share (2021/3/31)	Earning per share (2020/4/1-2021/3/31)
	MA5	MA10	MA20	MA30	MA60		
3357 Tai-tech (Note)	150.00	147.30	145.50	139.17	156.21	42.20	9.04
6284 Inpaq	60.76	60.46	60.13	59.04	63.09	37.66	3.17
2492 Walsin	212.40	211.80	209.08	205.90	220.11	85.08	16.37
6432 Arlitech	42.09	40.49	39.58	39.10	40.61	25.18	3.25
6155 King Core	26.88	26.36	26.17	25.69	27.08	16.56	0.53

Data source: Taiwan Economic Journal database and the CAP author.

Note: 3357 Tai-tech's stock has changed from emerging stock to OTC stock since 2021/04/27. After examining the most recent 60-day stock trading volume, the CPA has recognized that its stock is an actively traded stock.

1. Book value per share method

The comparable companies' moving average 5, 10, 20, 30 and 60 days' closing prices prior to 2021/06/29 can be used as samples to calculate their price book ratios as of 2021/03/31, and then to estimate a reasonable YAGEO-Chilisin Share Exchange ratio as summarized in the table below:

Comparable companies	P/B MA5	P/B MA10	P/B MA20	P/B MA30	P/B MA60
3357 Tai-tech	3.55	3.49	3.45	3.30	3.70
6284 Inpaq	1.61	1.61	1.60	1.57	1.68
2492 Walsin	2.50	2.49	2.46	2.42	2.59
6432 Arlitech	1.67	1.61	1.57	1.55	1.61
6155 King Core	1.62	1.59	1.58	1.55	1.64
Comparable companies average P/B ratio	2.19	2.16	2.13	2.08	2.24
Chilisin Earnings per share	96.15 as of 2021/03/31				
Estimated Chilisin price (TWD)	210.57	207.68	204.80	199.99	215.38
YAGEO Moving Avg.(TWD)	539.80	536.70	516.33	500.57	514.03
Exchange ratio	0.3901	0.3870	0.3966	0.3995	0.4190
Exchange ratio range	0.3870~0.4190				

2. P/E ratio method

The comparable companies' moving average 5, 10, 20, 30 and 60 days' closing prices prior to 2021/06/29 and their latest fiscal (2020/04/01 – 2021/03/31) earnings per share can be used to calculate same-trade P/E ratio and then to estimate a reasonable YAGEO-Chilisin Share Exchange ratio as summarized in table below:

Comparable companies	P/E MA5	P/ E MA10	P/ E MA20	P/ E MA30	P/ E MA60
3357 Tai-tech	16.59	16.29	16.10	15.39	17.28
6284 Inpaq	19.17	19.07	18.97	18.62	19.90
2492 Walsin	12.97	12.94	12.77	12.58	13.45
6432 Arlitech	12.95	12.46	12.18	12.03	12.50
6155 King Core	Earnings per share less than TWD 1 and therefore omitted.				
Comparable companies' average P/E ratio	15.42	15.19	15.01	14.66	15.78
Chilisin earnings per share	109/4/1-110/3/31 earnings per share TWD 6.67				
Estimated Chilisin Price (TWD)	102.85	101.32	100.12	97.78	105.25
YAGEO MA closings (TWD)	539.80	536.70	516.33	500.57	514.03
Exchange ratio	0.1905	0.1888	0.1939	0.1953	0.2048
Exchange ratio range	0.1888~0.2048				

iii. Non-quantified adjustment factor – premium rate

After the Share Exchange Chilisin will become a subsidiary 100% owned by YAGEO. The data of all mergers in Taiwan since 2017 using equity as payment and their premium rate as of one week prior to the announcements of their mergers is pulled out from the Bloomberg database. The first quantile, which is 4.17% and used as the lower limit, and the third quantile, which is 16.25% and used as the upper limit, jointly draw a range for non-quantified adjustment. These mergers are summarized in Attachment 2.

iv. Summary of equity valuation

Chilisin is a company listed in Taiwan Stock Exchange; its open market trading price can be used as an objective reference. The Share Exchange is to be made in the open market, and therefore market price method is the primary valuation method. The comparable company method uses the financial data and market prices of the listed/OTC companies of the same trade to make estimates, and is given a weighting lower than P/E ratio method in the calculation of common stock value. The results of P/B ratio method that significantly deviate from the subject company's recent history of stock price are excluded. Finally, the per share price is adjusted with consideration of non-quantified adjustment in premium ratio. A reasonable range of Chilisin's per share price is

summarized in the table below:

Valuation method	Exchange ratio range	Weighting	Ratio range before adjustment	Premium ratio range	Ratio range after adjustment
Market price method	0.1862~0.1963	80%	0.1867~0.1980	4.17% ~ 16.25%	0.1945~0.2302
Comparable companies method - P/B ratio	0.3870~0.4190	-			
Comparable companies method - P/E ratio	0.1888~0.2048	20%			

V. Conclusion

Having considered quantifiable financial figures and objective market data and with premium rate in the merger by Share Exchange in mind, the CPA uses market price method and comparable company method – P/E ratio to calculate and determines that the reasonable range of YAGEO-Chilisin Share Exchange ratio as one Chilisin share to 0.1945 to 0.2302 YAGEO share. In the Share Exchange in question YAGEO proposes a exchange ratio of one Chilisin share to 0.2002 YAGEO share, which falls within the said fair range, and therefore is an adequate and reasonable ratio.

Attachment 1: Assumptions and limitations in valuation

1. A company's valuation can be affected by its internal and external factors, therefore the information disclosed in this opinion report is very important to the conclusion of valuation and closely related. This opinion report does not conceal any necessary information.
2. Valuation of a company is based on the information obtained, and opinions are made with certain presumed conditions. Furthermore, deviation exists among the results of valuation made by different valuation personnel. The CPA author adopts commonly used methods and valuation process in modern times in his opinions about Chilisin's equity value, but the CPA author offers no guarantee about the transaction price.
3. The primary business of the CPA author is not about offering professional legal service and is not able to offer judgment from the viewpoint as a professional attorney in any lawsuit that may affect the valuation.
4. The opinion report is provided to YAGEO for evaluating its Share Exchange; without prior written consent from the CPA author, the said report may not be offered for use by third party and may not be used for any other purpose. The CAP author is not liable to third party.
5. The CPA author assumes no major change in the political-economic environment, interest rate, foreign exchange rate and applicable concerning Chilisin and the industry is developing as expected. The influence on Chilisin from the changes beyond expectation is not considered. The CPA author will not update this opinion report any further unless otherwise re-valuation is commissioned due to change of actual situation.
6. The CPA author has reviewed the reasonableness of the information of Chilisin available in the open market in accordance with the Valuation Standard-11 (Corporate valuation) stipulated by Accounting Research and Development Foundation and confirmed the reliability and adequacy of the source. However, the CPA author has not performed the reassurance procedure for the abovementioned information in accordance with the generally accepted accounting principles or the Valuation Standard-1 (Reassurance for non-historic financial information audit or examination), and therefore unable to offer reassurance at any level about the information's accuracy or adequacy.
7. The CPA author assumes that Chilisin has no major undetermined matter, lawsuit (about tax or other legal dispute) or contingent liability that may affect Chilisin's equity value as of the valuation date.

Attachment 2 Mergers in Taiwan since 2017

Type	Announcement date	Acquired	Acquirer	Payment type	Premium price to 1-week average price (%)
M&A	01/23/2017	Ralec	Chilisin	Stock	16.8186
M&A	10/16/2017	Solartech Energy	United Renewable Energy	Stock	33.8984
M&A	10/16/2017	Gintech Energy	United Renewable Energy	Stock	23.1896
M&A	09/18/2017	Derrong	Glac Biotech	Stock	6.47169
M&A	04/24/2018	Masterlink Securities	Shin Kong Financial Holding	Stock	21.1196
M&A	01/03/2018	Mag Layers	Chilisin	Stock	14.3482
M&A	05/09/2018	Foxlink Image Tech.	Glorytek	Stock	3.39831
M&A	05/09/2018	Power Quotient Int.	Glorytek	Stock	-10.2813
M&A	06/20/2018	Magic Tech.	Chilisin	Stock	14.528
M&A	06/19/2018	Bothhand Enterprise	Kaimei Electronic	Stock	8.33367
M&A	06/08/2018	TPG Biologics	Lumosa Therapeutics	Stock	10.792
M&A	01/28/2019	Jabon Int'l	AVY Precision Tech.	Stock	12.5181
M&A	03/07/2019	Fountain Biopharma Inc.	Oneness Biotech	Stock	1.4684
M&A	03/13/2019	Jamicon Teapo	Kaimei Electronic	Stock	1.33698
M&A	12/27/2019	Kingpak	Tong Hsing Electronics Industries	Stock	9.43008
M&A	03/10/2020	Mil Tech.	Zhen Ding-KY	Stock	-6.37795
M&A	06/18/2020	Lextar	Epistar	Stock	9.88249
M&A	11/19/2020	MobiX Corp.	KuoBrothers	Stock	18.8861
1 st Quadrant (Premium ratio's lower limit)					4.17
3 rd Quadrant (Premium ratio's upper limit)					16.25

Data source: Bloomberg Database and the CPA author.

Attachment 3: Expert's credential

Certified Public Accountant's Curriculum Vitae

Name: Chi-Sheng Chiu

Examination: R.O.C. Accountant of higher examination

Practicing Certificate Number: Jing-Guan-Zheng-Shen-Zi-10200032833

Education:

Dept. of Statistics, National Cheng Kung Univ.

Master program, Dept. of Accounting, Soochow Univ.

Postgraduate program, Dept. of Law, National Taipei Univ.

Career:

Asst. manager, Manager / First United Accounting Firm

Senior manager / Diwan & Company

Accountant / First United Accounting Firm

Director, Instructor / Taipei Accounting Association

Current post:

Joint practicing accountant / Crowe Taiwan

Attachment V : (attachment (1) of the First Interim Audit Committee Session 9 Meeting Minutes)

Procedures for the Acquisition and Disposal of Assets Before and After Amendments Table

Article	Before amendment	Article	After amendment	Reason for amendment
Article 7	The following matters are documented and handled in accordance with the Procedures: I. Scope of assets: Please refer to Article 3 of the Procedures. II. Evaluation procedures: (I) Acquisition or disposal of securities 1.Evaluation: The undertaking unit shall make an assessment on the purpose of the transaction, the content of the subject matter, and the price reference. 2.Pricing method: (1)Acquiring or disposing of securities that have been traded in the stock exchange market or TPEX, depending on the listing or market price at the time. (2)Acquiring or disposing of securities or private placement securities that are not traded in the stock exchange market or TPEX. Please refer to Article 10 of Section 2 of the Procedures for the pricing method. (II) Acquisition or disposition of real property, equipment, or other right-of-use assets 1.Evaluation: The undertaking unit shall make an assessment on the purpose of the transaction, the content of the subject matter, the price reference, and the terms of collection and payment. 2.Pricing method: Please refer to Article 9 of Section 2 of the Procedures.. (III) Acquisition or disposal of intangible assets, or right-of-use assets or membership 1.Evaluation: The undertaking unit should evaluate the benefit, the duration of the patent obtained, and the price reference. 2.Pricing method: Please refer to Article 11 of Section 2 of the Procedures. (IV) Assets acquisition or disposal with a related party: Please refer to Section 3 of the Procedures. (V) Engaged in derivatives trading: Please refer to Section 4 of the Procedures.	Article 7	The following matters are documented and handled in accordance with the Procedures: I. Scope of assets: Please refer to Article 3 of the Procedures. II. Evaluation procedures: (I) Acquisition or disposal of securities 1.Evaluation: The undertaking unit shall make an assessment on the purpose of the transaction, the content of the subject matter, and the price reference. 2.Pricing method: (1)Acquiring or disposing of securities that have been traded in the stock exchange market or TPEX, depending on the listing or market price at the time. (2)Acquiring or disposing of securities or private placement securities that are not traded in the stock exchange market or TPEX. Please refer to Article 10 of Section 2 of the Procedures for the pricing method. (II) Acquisition or disposition of real property, equipment, or other right-of-use assets 1.Evaluation: The undertaking unit shall make an assessment on the purpose of the transaction, the content of the subject matter, the price reference, and the terms of collection and payment. 2.Pricing method: Please refer to Article 9 of Section 2 of the Procedures.. (III) Acquisition or disposal of intangible assets, or right-of-use assets or membership 1.Evaluation: The undertaking unit should evaluate the benefit, the duration of the patent obtained, and the price reference. 2.Pricing method: Please refer to Article 11 of Section 2 of the Procedures. (IV) Assets acquisition or disposal with a related party: Please refer to Section 3 of the Procedures. (V) Engaged in derivatives trading: Please refer to Section 4 of the Procedures.	The Company's actual operation necessitates

Article	Before amendment	Article	After amendment	Reason for amendment
	(VI) Business mergers, divisions, acquisitions, and share transfers: Please refer to Section 5 of the Procedures. III. Operating procedures: (I) Transaction amount and level: For the Company's acquisition or disposal of assets with any of the following circumstances for an amount below the threshold of reporting, the chairman or the general manager or the designated person may determine an action plan without the need of submitting it to the Board of Directors for a resolution. 1.The purpose of the acquisition or disposal of assets is for the short-term fund planning and operation of the finance department (such as, money market operation tools, including bond funds). The so-called "short-term" in this clause meant for one year. However, if the Company's business cycle is longer than one year, the business cycle shall prevail. 2.Regarding the transaction amount of a derivative product, it refers to the transactions conducted within the derivative product transaction amount resolved by the Board of Directors. (II) Execution unit: 1.Long-term and short-term portfolio investment: The stock affairs and finance related units. 2.Real property, other fixed assets, membership cards, and intangible assets: The application and asset management related unites. 3.Engaged in derivative products: The finance unit 4.Acquisition or disposal of assets by legal mergers, divisions, acquisitions, or transfer of shares: An ad hoc group formed by the relevant units. IV. Announcement reporting procedure: Please refer to Chapter 3 of the Procedures. V. The non-operating assets amount acquired by the Company and its subsidiaries: 1.The total amount of investment in non-operating real property or short-term securities is limited to 20% of the net value, and the amount of investment in individual short-term securities is limited to 10% of the net value. 2.The total amount of investment in long-term and short-term portfolio is limited to 120% of the net value, and the amount of investment in individual		(VI) Business mergers, divisions, acquisitions, and share transfers: Please refer to Section 5 of the Procedures. III. Operating procedures: (I) Transaction amount and level: For the Company's acquisition or disposal of assets with any of the following circumstances for an amount below the threshold of reporting, the chairman or the general manager or the designated person may determine an action plan without the need of submitting it to the Board of Directors for a resolution. 1.The purpose of the acquisition or disposal of assets is for the short-term fund planning and operation of the finance department (such as, money market operation tools, including bond funds). The so-called "short-term" in this clause meant for one year. However, if the Company's business cycle is longer than one year, the business cycle shall prevail. 2.Regarding the transaction amount of a derivative product, it refers to the transactions conducted within the derivative product transaction amount resolved by the Board of Directors. (II) Execution unit: 1.Long-term and short-term portfolio investment: The stock affairs and finance related units. 2.Real property, other fixed assets, membership cards, and intangible assets: The application and asset management related unites. 3.Engaged in derivative products: The finance unit 4.Acquisition or disposal of assets by legal mergers, divisions, acquisitions, or transfer of shares: An ad hoc group formed by the relevant units. IV. Announcement reporting procedure: Please refer to Chapter 3 of the Procedures. V. The non-operating assets amount acquired by the Company and its subsidiaries: 1.The total amount of investment in non-operating real property or short-term securities is limited to 20% of the net value, and the amount of investment in individual short-term securities is limited to 10% of the net value. 2.The total amount of investment in long-term and short-term portfolio is limited to <u>250%</u> of the net value, and the amount of investment in individual	

Article	Before amendment	Article	After amendment	Reason for amendment
	long-term securities is limited to 80% of the net value. If there is a major expansion in investment, the Board of Directors is authorized to have it approved and presented in the shareholders meeting for resolutions. VI. The Company shall supervise the acquisition or disposal of assets of its subsidiaries, and its supervision and management shall be handled in accordance with the relevant provisions of the Company and the “Procedures for the Acquisition or Disposal of Assets” of each subsidiary. VII. The violation committed by the relevant personnel against the “Guidelines Governing the Acquisition or Disposal of Assets of the Public Companies” or the Procedures should be handled in accordance with the relevant requirements of the Company. The subsidiaries of the Company shall enact and implement the “Procedures for the Acquisition or Disposal of Assets” in accordance with the provisions of the Procedures. If the subsidiary does not have the “Procedures for the Acquisition or Disposal of Assets” formulated, it should be handled in accordance with the provisions of the Procedures.		long-term securities is limited to <u>100%</u> of the net value. If there is a major expansion in investment, the Board of Directors is authorized to have it approved and presented in the shareholders meeting for resolutions. VI. The Company shall supervise the acquisition or disposal of assets of its subsidiaries, and its supervision and management shall be handled in accordance with the relevant provisions of the Company and the “Procedures for the Acquisition or Disposal of Assets” of each subsidiary. VII. The violation committed by the relevant personnel against the “Guidelines Governing the Acquisition or Disposal of Assets of the Public Companies” or the Procedures should be handled in accordance with the relevant requirements of the Company. The subsidiaries of the Company shall enact and implement the “Procedures for the Acquisition or Disposal of Assets” in accordance with the provisions of the Procedures. If the subsidiary does not have the “Procedures for the Acquisition or Disposal of Assets” formulated, it should be handled in accordance with the provisions of the Procedures.	
Article 34	The Procedures were enacted on June 25, 2003. The 1st amendment was made on June 13, 2007. (Omitted)	Article 34	The Procedures were enacted on June 25, 2003. The 1st amendment was made on June 13, 2007. (Omitted) <u>The 11th amendment was made on September 7, 2021.</u>	The current amendment date is added