

Stock Code: 2355

CHIN-POON INDUSTRIAL CO., LTD.

2022 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

(Translation)

The meeting will be held
on Friday, June 24, 2022 at 9:00 a.m. GMT+8,
at No.17, Lane 5, Section 2, Nanshan Road, Luzhu District, Taoyuan City 33852,
Taiwan (R.O.C.)

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Procedures

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Reports
4. Proposed Resolutions
5. Deliberation Proposals
6. Special Motions
7. Adjournment

Agenda

Time: Friday, June 24, 2022 at 9:00 a.m. GMT+8

Venue: No.17, Lane 5, Section 2, Nanshan Road, Luzhu District, Taoyuan City 33852, Taiwan (R.O.C.)

Shareholders' meeting will be held by means of physical shareholders' meeting.

Agenda:

1. Call the Meeting to Order (Reports on the number of shares in attendance)
2. Chairperson's Remarks
3. Reports
 - 3.1 Business Report for 2021& Business Plan for 2022
 - 3.2 Audit Committee's Review Report of 2021
 - 3.3 Report on the Compensation of Employees and the Remuneration of Directors of 2021
4. Proposed Resolutions
 - 4.1 To accept 2021 Business Report and Financial Statements
 - 4.2 To approve the Proposal for Distribution of 2021 Profits
5. Deliberation Proposals
 - 5.1 To amend the Operational Procedures for Acquisition and Disposal of Assets
6. Special Motions
7. Adjournment

Reports

Report 1

Business Report for 2021 & Business Plan for 2022

Dear Shareholders

We really appreciate your continuous support all these years. We are reporting the following items here so that you can understand more about what we have done, what we are planning to do and what challenges we are facing.

Our Performance in 2021

Our consolidated operating revenue in 2021 was NT\$ 18,219,280 thousand and increased by 18.98% and by NT\$ 2,905,995 thousand from 2020. The main reason for the double-digit growth in revenue was that the Company has been focusing on the automotive business and the demand in the global auto market has rebounded sharply in 2021. Our operating loss in 2021 was NT\$ 185,654 thousand and the operating loss was increased by NT\$ 61,883 thousand from 2020. The decline in operating income was mainly due to the impact of the hike in raw materials in 2021, which will increase related costs and affect the gross profit margin and operating income ratio. At the same time, the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi was the biggest factor that severely affected the gross profit margin. In addition, due to the soaring international shipping costs and the increase in research and development expenses, the operating expenses also increased by 32.78%, which further affected the operating Income. Our profit before tax increased from NT\$ 24,726 thousand in 2020 to NT\$ 460,664 thousand in 2021, an increase of 1763.08%. Compared with the operating loss, the net profit before tax could be turned positive, mainly due to insurance claims payment, interest income and other non-operating income. Our net income in 2021 was NT\$ 337,700 thousand and increased by 638.92% and by NT\$ 291,998 thousand from 2020. So, our earnings per share (EPS) also increased from NT\$ 0.12 in 2020 to NT\$ 0.85 in 2021.

Operating Results in 2021

Unit: NT\$ in thousands

Item \ Amount	2021	2020	Plus or Minus (Amount)	Plus or Minus (%)
Operating Revenue	18,219,280	15,313,285	2,905,995	18.98%
Operating Costs	17,085,633	14,443,453	2,642,180	18.29%
Gross Profit	1,133,647	869,832	263,815	30.33%
Operating Expenses	1,319,301	993,603	325,698	32.78%
Operating Income	(185,654)	(123,771)	(61,883)	50.00%
Non-operating Income and Expenses	646,318	148,497	497,821	335.24%
Profit before Tax	460,664	24,726	435,938	1763.08%
Consolidated Profit	337,700	45,702	291,998	638.92%
Profit, attributable to Owners of Parent Company	337,782	46,118	291,664	632.43%

Our budget achievement of operating revenue and operating costs were 95% and 99% of the 2021 budget targets, which had almost no deviation from the targets. However, due to the hike in raw material costs and the depreciation of the US dollar, which exceeded our estimates, the achievement rate of gross profit was only 58%. The increase in international shipping costs also exceeded our expectations, resulting in the operating expenses reaching 107% of the budget target. Our budget achievement of Profit before Tax was 57%. It was directly related to the gross profit achievement rate of only 58%, which was mainly due to higher material costs and the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi.

Budget Achievement in 2021

Unit: NT\$ in thousands

Item \ Amount	Actual Amount	Budget Amount	Achievement Rate (%)
Operating Revenue	18,219,280	19,262,893	95%
Operating Costs	17,085,633	17,319,783	99%
Gross Profit	1,133,647	1,943,110	58%
Operating Expenses	1,319,301	1,232,864	107%
Operating Income	(185,654)	710,246	-26%
Non-operating Income and Expenses	646,318	91,736	705%
Profit before Tax	460,664	801,982	57%

The global automobile market has rebounded sharply in 2021 and the Company's business also grew substantially along with the trend. However, the high cost of raw materials, the sharp depreciation of the US dollar against Taiwan dollar and RMB, and the surge in international shipping costs had huge impacts on our profit. The Company immediately adjusted our operating strategy and actively negotiated with our customers on price adjustments. Although the cost and expenses increase fast and it is not easy to make profits, our profit before and after tax can still be maintained positive throughout the year.

And our long-term and short-term financial position remained healthy. The debt-to-asset ratio in 2021 was 34%, which was similar to 32% in 2020. The current ratio and quick ratio in 2021 were 204% and 143%, which was also similar to 191% and 144% in 2020. The Company's debt-to-assets ratio, current ratio and quick ratio indicate that the Company has strong financial strength and operational management capabilities.

We have been dedicating significant efforts on R&D for our development in the future. We manage to keep ahead of our competitors in development of new products and new technology. The following was our results of R&D in 2021.

Results of R&D in 2021

- A. Development of modified copper inlay process for cost reduction
- B. Middle/High current carrying PCB - Mini-busbar
- C. Partial thermal management PCB – Inlay + blind vias
- D. Partial thermal management PCB – Square inlay
- E. Partial thermal management PCB – Convex
- F. Partial thermal management PCB – AIN
- G. Development of rigid flex
- H. Development of cavity PCB
- I. Development of radio frequency PCB
- J. Development of advanced HDI
- K. Assisting overseas factories to upgrade the capabilities of multilayers and HDI
- L. Others

Our Plan for 2022

I. Operating Strategies:

We have been focusing on the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume, which are hugely demanding on more flexible production capability. We also have been facing the challenges of how to deal with the micro-profit era and the fast changes of global economy. We have set the following operating strategies to cope with those challenges and to respond to the changes in the markets and in the environments.

1. The Executives Committee plays a key role of integrating all departments, realigning resources and converging all efforts to fulfill our visions and strategies.
2. Dynamically target the potential products and niche markets to respond to global competitions and rapidly changing markets.
3. Realign all our resources to develop creativity of R&D, to build excellent production capability and to setup effective cost control systems in order to provide value-added products, services and total solutions with innovativeness and cost-competitiveness.
4. Build a cluster of Asian production and service bases which has a center in Taiwan and supporting bases in Mainland China and Thailand.
5. Provide Taiwan's resources of technology, marketing, and administration to our bases in Mainland China and Thailand in order for them to rapidly upgrade their operating capabilities and to grasp the opportunities in the local markets of Mainland China, Southeast Asia and South Asia.
6. Integrate production processes and managerial resources to strengthen the supportive systems for production and to promote specialization center and sophisticated technical capabilities.
7. Enhance automation and smart production to raise production efficiency, to improve quality and to reduce costs.
8. Implement total quality control and utilize the Six Sigma methodology to build an edge in competitiveness of stable quality.
9. Continue to upgrade the capabilities of ERP (Enterprise Resource Planning), CIM (Computer integrated manufacturing) and Industrial 4.0, and to participate in government-subsidized Technology Development Programs in order to strengthen our abilities and efficiency of operation and administration and to complete the planning and its implementation of Smart Factory.
10. Build a learning organization and knowledge management system to store, accumulate and share management wisdom among all employees in the

Company. Activate a cost control system and an incentive plan to guide resources of knowledge into increasing high value-added activities, reducing activities of low efficiency and of low value, and strengthen our core competitiveness. The cultivation of talents is centered on this knowledge management structure and learning organization in order to reserve enough talents for future challenges.

II. Operational Goals:

Volume of Single-sided:	1,555,426 M ² (square meter)
Volume of Double-sided & Multilayer:	4,751,510 M ² (square meter)

III. Strategies for Marketing and Production:

1. Production Strategies

Grasp the trends of technology and products and continue to improve our costs, quality, speed, flexibility and services.

- (1) Enhance the quality systems of ISO-9002 、ISO-14001 、QS-9000 、TL9000 、TS 16949 and AS 9100 Aerospace Quality Management System which was acquired in 2020, and utilize the six sigma methodology to achieve the targets of our quality policy.
- (2) Upgrade our capabilities of fine line, high density and micro via.
- (3) Strengthen our capabilities of HDI (High Density Interconnect) and other high value-added technology.
- (4) Continues to expand niche products such as aluminum PCB, Middle/High current carrying PCB, heavy copper board, etc.
- (5) Upgrade automation, enhance our analytic ability for big data of production and enhance smart production. Our vision is to build smart factories.
- (6) Build a cluster of Asian production and service bases. Especially, strengthen the manufacturing site in Thailand and capitalize on its double edges on low cost structure and nearness to the biggest automobiles manufacturing site in Southeast Asia.

2. Marketing Strategies

Keep up with market trends.

- (1) Actively develop global markets and be a key supplier of global main players in different electronics industries. Simultaneously, increase the pocket share of our customers.
- (2) Develop the markets in Mainland China, Southeast Asia, South Asia and other emerging countries.
- (3) Build global marketing channels and strengthen global competitiveness.
- (4) Build a complete platform of logistics and provide our customers more value-added services.

IV. R&D Plans:

1. Upcoming R&D plans:

- Technology development for all aspects of smart factories, including smart monitoring, smart automation, smart cooperation and AI applications
- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs
- Development of semi-flex with 3 flex layers & semi-flex plus
- Development of rigid flex – flex tail
- Development of radio frequency PCBs
- Development of cavity PCB
- Development of advanced HDI
- Application of periodic pulse reverse plating
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of automatic robot arm for precise handling and automatic process flow of production

2. R&D Budget

The total budget for research and development is around NT\$ 275,217 thousand.

Our Strategies

1. Continue to expand the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume.
2. Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in Taiwan, in China and in Thailand in the next 2-3 years. Our new plant in Changshu, China, with a total investment of NT\$ 2.1 billion, started mass production in 2019. There is still plenty of room for our capacity expansion in the future. We have increased our ownership on Draco, our manufacturing site in Thailand, to 99.78% in 2021. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.
3. Strengthen R&D of niche products to avoid shrinking of profit margins owing to excessive competition in the industry.
4. Enhance automation and smart production to improve quality and to enhance production flexibility.

Challenges

Taiwan's PCB industry has been developing for more than 30 years and has built a complete supply chain and industrial clusters. Taiwan's PCB makers have an edge on yield, quality, price, speed and service over global competitors and have a great share of global demand of PCB for automotive electronics, telecommunication, information technology and consumers' electronics. According to the statistics of TPCA and IEK, total revenue of Taiwan's PCB makers in 2021 was NT\$ 817.8 billion and increased by 17.5%.

The global economy rebounded in 2021, resulting in a 5.5% growth (IMF estimate), the highest in 40 years. Fed, ECB, BOJ, and PBOC have all released significant funds to effectively drive the global economic recovery. While demand has been surging due to quantitative easing, the COVID-19 pandemic has been keeping to interfere with the global supply chain, causing supply-side issues such as hike of raw materials, global supply bottlenecks and inadequate shipping capacity. Manufacturers faced significant challenges in terms of management and costs. However, with the mixed blessing of the rebound in the global economy, exporters were able to weather 2021 smoothly.

Looking ahead to 2022, the impact of the COVID-19 pandemic is expected to

gradually subside and the global economy is expected to maintain its growth momentum. According to IMF forecasts, global economic growth is expected to decline from 5.5% in 2021 to 4.1% in 2022. Due to the slowdown of the epidemic, the different pace of recovery in different countries, the unresolved supply chain disruption, the price pressure caused by inflation and the intensification of geopolitical risks, this year is expected to be a year of both sustained growth and high uncertainty for the global economy.

According to the forecast of IEK, total revenue of Taiwan's PCB makers in 2022 is expected to be NT\$ 871.1 billion and increased by 6.53%. Taiwan's PCB makers have always beaten the market and got a bigger share even in global adverse economic situations. They are competitive in the aspects of cost and manufacturing sites so they will remain profitable in the future of expanding electronics industries.

Our production bases are located in Taiwan, China and Thailand. The local laws and regulations in different countries have been changed from time to time. The Company is based on the principle of legal business and complies with local laws and regulations. Moreover, in recent years, the Taiwan authorities have gradually improved the relevant laws and regulations on corporate governance and social responsibility. The Company has complied with the changes in laws and regulations, gradually completed the establishment of corporate governance systems, and fulfilled corporate social responsibilities in order to balance the Company's shareholders' equity and the interests of all interested parties.

Taiwan PCB industry are facing many challenges and rapidly changing external environments which have a great impact on Taiwan's PCB industry. In 2022, the global economy is expected to maintain a decent growth momentum. Chin-poon has aligned our strategy to enhance our edge on integration, globalization, niche products, key technology, logistics platform, cost control and knowledge management to achieve our business goals.

In addition, the Company recognizes the advent of the era of smart manufacturing and knowledge management. We continually cultivate talents, appreciate valuable human resources, and has got certain progress and achievements in system management and organizational learning. We also aggressively implement ERP and CIM systems, Six Sigma, intelligent manufacturing and various projects in order to enable the Company's internal resources to be used most effectively and its production efficiency to be significantly improved. In the future, we will adopt a more active strategy in the expansion of our manufacturing sites in Asia to grasp the business opportunities provided by the growth of electronic industries around the world.

Thanks to the efforts and dedication of all employees, the Company has achieved a certain level of profitability over the past year even in the face of profit pressure caused by rising costs and the depreciation of the US dollar. We expect the competition in the future will be still extremely intensive. We are going to continue improving our core competitiveness to enhance our performance so that we can keep enhancing shareholders' equity.

Sincerely yours,

Chairperson

Chief Executive Officer

Principal Accounting Officer

Report 2

Audit Committee's Review Report of 2021

CHIN-POON INDUSTRIAL CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

CHIN-POON INDUSTRIAL CO., LTD.

Chairperson of the Audit Committee: Mr. CHEN, HSIANG-SHENG

March 14, 2022

Report 3

Report on the Compensation of Employees and the Remuneration of Directors of 2021

1. The decided amount of the Compensation of Employees in cash is NT\$ 9,304,153. There are no differences between the amount decided by the Board of Directors and the amount of expense for the compensation accrued in the 2021 financial statements of the Company.
2. The decided amount of the Remuneration of Directors in cash is NT\$ 3,240,000. There are no differences between the amount decided by the Board of Directors and the amount of expense for the Remuneration accrued in the 2021 financial statements of the Company.
3. The total amount of expense for the Compensation of Employees and the Remuneration of Directors is NT\$ 12,544,153.

Proposed Resolutions

Proposal 1

(Proposed by Board of Directors)

Subject: To accept 2021 Business Report and Financial Statements.

Explanation:

1. CHIN-POON's 2021 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by CPA Lily Lu and CPA Victor Wang of KPMG, who then issued an Audit Report with an Unqualified Opinion with regard to those financial statements.
2. The aforementioned Financial Statements and 2021 Business Report have been accepted by the Board of Directors and reviewed by the Audit Committee of the Company. (The aforementioned Financial Statements are attached hereto as Appendix I. As to 2021 Business Report, please refer to Report 1.) Please accept the aforementioned Business Report and Financial Statements.

Resolution:

Proposal 2

(Proposed by Board of Directors)

Subject: To approve the Proposal for Distribution of 2021 Profits and Retained Earning.

Explanation:

1. The following Profit Allocation Proposal has been approved and proposed by the Board of Directors.

Profit Allocation Proposal

Unit: NT\$

Unappropriated Retained Earnings of Previous Years	7,142,903,904
Plus:	
- Net Income of 2021	337,782,104
- Remeasurements of Defined Benefit Plans	(35,991,756)
Less:	
- 10% Legal Reserve	30,179,035
- Special Reserve	137,376,122
Retained Earnings Available for Distribution as of December 31, 2021	7,277,139,095
Distribution Item:	
- Cash Dividends to Common Share Holders (NT\$ 0.5 per share)	198,747,710
Unappropriated Retained Earnings	7,078,391,385

Chairperson

Chief Executive Officer

Principal Accounting Officer

2. We have deducted from the profits in 2021 the legal reserve according to applicable laws. Then it is proposed that each common share holder will be entitled to receive a cash dividend of NT\$ 0.5 per share. (The total amount of dividend for each shareholder will be rounded down to an integer. And the fractional amount less than one dollar should be recorded as other income of

the Company.)

- 3.1 The total number of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common share will be adjusted accordingly if the Company subsequently repurchase its common shares, or transfers and retires treasury stocks, or executes conversion of convertible bonds to stocks etc. It is proposed that the Board of Directors be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
- 3.2 Upon the Profit Allocation Proposal for the year 2021 having approved in the shareholders' meeting, it is proposed to authorize the Board of Director to set the ex-dividend date and the payment date of cash dividend.
4. Please approve the Proposal for Distribution of 2021 Profits and Retained Earning.

Resolution:

Deliberation Proposals

Proposal 1

(Proposed by Board of Directors)

Subject: To amend the Operational Procedures for Acquisition and Disposal of Assets.

Explanation:

To meet business practice need, it is proposed to amend the Operational Procedures for Acquisition and Disposal of Assets. Please refer to the following cross reference table that shows the clauses before and after amendment.

Cross Reference Table

Clause before Amendment	Clause after Amendment	Reason for Amendment
	Article 5 Appraisal Reports and Opinions	
5.1 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 5.1.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon	5.1 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 5.1.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon	To be in accordance with the revised version on January 28, 2022 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

was received. 5.1.2 May not be a related party or de facto related party of any party to the transaction. 5.1.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. 5.1.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: 5.1.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 5.1.4.2 When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 5.1.4.3 They shall undertake an item-by-item evaluation of the <u>comprehensiveness</u>, <u>accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 5.1.4.4 They shall issue a statement attesting to the professional competence and independence of the	was received. 5.1.2 May not be a related party or de facto related party of any party to the transaction. 5.1.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. 5.1.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong and</u> with the following <u>provisions</u>: 5.1.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 5.1.4.2 When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 5.1.4.3 They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 5.1.4.4 They shall issue a statement attesting to the professional competence and independence of the	
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personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.	personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.	
	Article 6 Procedures for Acquisition and Disposal of Real Property and Equipment	
6.2 The appraisal for acquisition or disposal of real property or equipment or their right-of-use assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 6.2.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 6.2.2 Where the transaction	6.2 The appraisal for acquisition or disposal of real property or equipment or their right-of-use assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 6.2.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 6.2.2 Where the transaction	Article 5 is going to add a requirement for external experts who issue an appraisal report or opinion to comply with the self-regulatory rules of the industry associations to which they belong. The paragraph of "in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) " is deleted because the requirement mentioned in the deletion is the same thing for a certified public accountant as the requirement of complying with the self-regulatory rules of the industry associations in Article 5.

amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 6.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 6.2.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 6.2.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 6.2.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 6.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 6.2.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 6.2.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 6.2.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	
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	Article 7 Procedures for Acquisition and Disposal of Securities	
7.3 Obtaining experts' opinion If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall, prior to the date of occurrence of the event, additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	7.3 Obtaining experts' opinion If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall, prior to the date of occurrence of the event, additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	Same reason as above.
	Article 8 Procedures for Acquisition and Disposal of Intangible Assets or Right-of-use Assets thereof or Memberships	
8. 2 Experts' appraisal report on memberships or intangible assets Where The Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to	8. 2 Experts' appraisal report on memberships or intangible assets Where The Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an	Same reason as above.

render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	opinion on the reasonableness of the transaction price.	
	Article 9 Procedures for Acquisition and Disposal of Real Property from or to a Related Party	
9.2 [the second half of 9.2] <u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12.2.8 of the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and the audit committee need not be counted toward the transaction amount.</u> With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to the Article 7, paragraph 1, subparagraph 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors	9.2 [the second half of 9.2] With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to the Article 7, paragraph 1, subparagraph 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors	To be in accordance with the revised version on January 28, 2022 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

meeting. (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property or right-of-use assets held for business use. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which <u>Article 15.1</u> of the Procedures requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to Article 15.1 and 15.3 of the Procedures.	meeting. (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property or right-of-use assets held for business use. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which <u>Article 9.2</u> of the Procedures requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to Article 15.1 and 15.3 of the Procedures. <u>If the Company or its subsidiary that is not a domestic public company will have a transaction set out in Article 9.2 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of Article 9.2 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u> <u>The calculation of the transaction amounts referred to in Article 9.1 and 9.2 shall be made in accordance with Article 12.2.8 of the Procedures, and "within the preceding year" as used</u>	
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	<u>herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting or the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</u>	
	Article 12 Information Disclosure	
12.2 Required items and criteria for disclosure 12.2.7 Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. But this shall not apply to the following circumstances: 12.2.7.1 Trading of domestic government bonds. 12.2.7.2 Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an	12.2 Required items and criteria for disclosure 12.2.7 Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. But this shall not apply to the following circumstances: 12.2.7.1 Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 12.2.7.2 Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription of foreign government bonds,</u> or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes, or</u>	To be in accordance with the revised version on January 28, 2022 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 12.2.7.3 Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 12.2.7.3 Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	
	Article 17 History of Revision	
17.1 The Procedures were enacted on June 28, 2012. 17.2 Amended on June 18, 2013. 17.3 Amended on June 24, 2014. 17.4 Amended on June 22, 2017. 17.5 Amended on June 27, 2019. 17.6 Amended on June 23, 2020. 17.7 Amended on July 30, 2021.	17.1 The Procedures were enacted on June 28, 2012. 17.2 Amended on June 18, 2013. 17.3 Amended on June 24, 2014. 17.4 Amended on June 22, 2017. 17.5 Amended on June 27, 2019. 17.6 Amended on June 23, 2020. 17.7 Amended on July 30, 2021. <u>17.8 Amended on June 24, 2022.</u>	To add a new entry in the history of revision.

Resolution:

Special Motions

Adjournment

Appendix

Appendix 1

2021 Audit Report of Independent Auditors and Financial Statements

1. Independent Auditors' Report And 2021 Consolidated Financial Statements
2. Independent Auditors' Report And 2021 Parent Company Only Financial Statements

**CHIN-POON INDUSTRIAL CO., LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

**Address: No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County,
Taoyuan City, Taiwan, R.O.C.**

Telephone: (03)322-2226

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

Representation Letter

The entities that are required to be included in the combined financial statements of Chin-Poon Industrial Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chin-Poon Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chin-Poon Industrial Co., Ltd.

Chairman: Zeng , Liu-Yuzhi

Date: March 14, 2022



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Subsequent measurements of inventories

Please refer to note 4(h), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the consolidated financial statements.

Description of key audit matter:

The inventories of the Group are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents of inventory subsequent measurements and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(o) for the related disclosures on the refund liabilities for sales returns and discounts of the consolidated financial statements.

Description of key audit matter:

The Group recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion on the above paragraph concerning the emphasis of matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Assets					21xx	Liabilities and Equity				
	Current assets:						Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 3,824,300	17	4,110,135	19	2100	Short-term loans (notes 6(i), 8 and 9)	\$ 1,352,335	6	1,311,226	6
1110	Financial assets measured at fair value through profit and loss—current (note 6(b))	34	-	416,822	2	2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	-	-	182	-
1150	Notes receivable, net (notes 6(d) and (o))	4,337	-	34,747	-	2150	Notes payable	817,394	4	485,694	2
1170	Accounts receivable, net (notes 6(d) and (o))	4,229,831	18	3,383,028	15	2170	Accounts payable	2,535,350	11	2,271,078	10
1200	Other receivables (note 6(e))	138,836	1	113,631	-	2219	Other payables (notes 6(k) and 6(p))	1,191,452	5	1,267,259	6
1220	Current income tax assets	9,805	-	111,426	-	2230	Current tax liabilities	47,411	-	-	-
130x	Inventories (notes 6(f) and 9)	4,256,689	18	2,941,555	13	2280	Current lease liabilities (note 6(j))	52,542	-	49,387	-
1410	Prepayments	61,466	-	53,079	-	2399	Other current liabilities (note 6(o))	1,069,022	4	877,089	4
1476	Other financial assets—current (note 6(c))	1,663,308	7	656,602	3		Total current liabilities	7,065,506	30	6,261,915	28
1479	Other current assets	217,097	1	160,300	1	25xx	Non-Current liabilities:				
	Total current assets	14,405,703	62	11,981,325	53	2570	Deferred tax liabilities (note 6(l))	588,447	3	560,091	3
15xx	Non-current assets:					2580	Non-current lease liabilities (note 6(j))	260,234	1	316,330	1
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	7,388,403	32	7,331,156	33	2640	Net defined benefit liability—non-current (note 6(k))	30,919	-	32,878	-
1755	Right-of-use assets (note 6(h))	350,369	2	409,007	2		Total non-current liabilities	879,600	4	909,299	4
1840	Deferred tax assets (note 6(l))	218,925	1	207,994	1	2xxx	Total liabilities	7,945,106	34	7,171,214	32
1915	Prepayments for equipment (note 9)	-	-	365,177	2	31xx	Equity attributable to shareholders of the parent (note 6(m)):				
1975	Net defined benefit asset—non-current (note 6(k))	95,926	-	128,510	-	3110	Common stock	3,974,954	17	3,974,954	18
1980	Other financial assets—non-current (note 6(c))	757,617	3	2,054,149	9	3200	Capital surplus	1,579,698	7	1,579,225	7
	Total non-current assets	8,811,240	38	10,495,993	47	3300	Retained earnings:				
						3310	Legal reserve	2,409,315	10	2,404,255	11
						3320	Special reserve	434,369	2	350,229	1
						3350	Unappropriated earnings	7,444,695	32	7,430,852	33
								10,288,379	44	10,185,336	45
						3400	Other equity:				
						3410	Foreign currency translation differences for foreign operations	(571,745)	(2)	(434,369)	(2)
						31xx	Total equity attributable to shareholders of the company	15,271,286	66	15,305,146	68
						36xx	Non-controlling interests	551	-	958	-
						3xxx	Total equity	15,271,837	66	15,306,104	68
1xxx	Total assets	\$ 23,216,943	100	22,477,318	100	2-3xxx	Total liabilities and equity	\$ 23,216,943	100	22,477,318	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

		2021		2020	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (note 6(o))	\$ 18,219,280	100	15,313,285	100
5000	Operating costs (notes 6(f), (k) and 7)	<u>17,085,633</u>	<u>94</u>	<u>14,443,453</u>	<u>94</u>
5900	Gross profit	<u>1,133,647</u>	<u>6</u>	<u>869,832</u>	<u>6</u>
6000	Operating expenses (notes 6(d), (e), (k), (p) and 7):				
6100	Selling expenses	579,715	3	486,778	3
6200	Administrative expenses	425,769	2	433,764	3
6300	Research and development expenses	306,422	2	81,783	1
6450	Expected credit losses (reversal of expected credit losses)	<u>7,395</u>	<u>-</u>	<u>(8,722)</u>	<u>-</u>
	Total operating expenses	<u>1,319,301</u>	<u>7</u>	<u>993,603</u>	<u>7</u>
6900	Operating loss	<u>(185,654)</u>	<u>(1)</u>	<u>(123,771)</u>	<u>(1)</u>
7000	Non-operating income and expenses (notes 6(b), (g), (j) and (q)):				
7100	Interest income	100,890	1	103,360	1
7010	Other income	312,555	2	226,264	1
7020	Other gains and losses	254,780	1	(147,714)	(1)
7050	Finance costs	<u>(21,907)</u>	<u>-</u>	<u>(33,413)</u>	<u>-</u>
	Total non-operating income and expenses	<u>646,318</u>	<u>4</u>	<u>148,497</u>	<u>1</u>
7900	Income before income tax	460,664	3	24,726	-
7950	Less: Income tax expenses (benefit) (note 6(l))	<u>122,964</u>	<u>1</u>	<u>(20,976)</u>	<u>-</u>
	Net income	<u>337,700</u>	<u>2</u>	<u>45,702</u>	<u>-</u>
8300	Other comprehensive income (notes 6(l) and (m)):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	(44,989)	-	5,647	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(8,998)</u>	<u>-</u>	<u>1,129</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(35,991)</u>	<u>-</u>	<u>4,518</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign currency translation differences for foreign operations	(137,702)	(1)	(84,391)	-
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(137,702)</u>	<u>(1)</u>	<u>(84,391)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(173,693)</u>	<u>(1)</u>	<u>(79,873)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 164,007</u>	<u>1</u>	<u>(34,171)</u>	<u>-</u>
8600	Net income (loss) attributable to:				
8610	Shareholders of the Company	\$ 337,782	2	46,118	-
8620	Non-controlling interests	<u>(82)</u>	<u>-</u>	<u>(416)</u>	<u>-</u>
		<u>\$ 337,700</u>	<u>2</u>	<u>45,702</u>	<u>-</u>
8700	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 164,415	1	(33,504)	-
8720	Non-controlling interests	<u>(408)</u>	<u>-</u>	<u>(667)</u>	<u>-</u>
		<u>\$ 164,007</u>	<u>1</u>	<u>(34,171)</u>	<u>-</u>
Basic earnings per share(expressed in New Taiwan dollars) (note 6(n))					
9750	Basic earnings per share	<u>\$ 0.85</u>		<u>0.12</u>	
9850	Diluted earnings per share	<u>\$ 0.85</u>		<u>0.12</u>	

See accompanying notes to the consolidated financial statements.

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

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

Equity attributable to shareholders of the Company

	Equity attributable to shareholders of the Company						Other equity	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Retained earnings	Special reserve	Unappropriated earnings	Subtotal			
								Foreign currency translation differences for foreign operations		
Balance at January 1, 2020	\$ 3,974,954	1,578,800	2,335,852	142,180	8,054,194	10,532,226	(350,229)	15,735,751	1,547	15,737,298
Appropriation and distribution:										
Legal reserve	-	-	68,403	-	(68,403)	-	-	-	-	-
Special reserve	-	-	-	208,049	(208,049)	-	-	-	-	-
Cash dividends	-	-	-	-	(397,495)	(397,495)	-	(397,495)	-	(397,495)
Net income for the year	-	-	-	-	46,118	46,118	-	46,118	(416)	45,702
Other comprehensive income for the year	-	-	-	-	4,518	4,518	(84,140)	(79,622)	(251)	(79,873)
Total comprehensive income for the year	-	-	-	-	50,636	50,636	(84,140)	(33,504)	(667)	(34,171)
Changes in non-controlling interests	-	-	-	-	(31)	(31)	-	(31)	78	47
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	425	-	-	-	-	-	425	-	425
Balance at December 31, 2020	3,974,954	1,579,225	2,404,255	350,229	7,430,852	10,185,336	(434,369)	15,305,146	958	15,306,104
Appropriation and distribution:										
Legal reserve	-	-	5,060	-	(5,060)	-	-	-	-	-
Special reserve	-	-	-	84,140	(84,140)	-	-	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	337,782	337,782	-	337,782	(82)	337,700
Other comprehensive income for the year	-	-	-	-	(35,991)	(35,991)	(137,376)	(173,367)	(326)	(173,693)
Total comprehensive income for the year	-	-	-	-	301,791	301,791	(137,376)	164,415	(408)	164,007
Changes in non-controlling interests	-	40	-	-	-	-	-	40	1	41
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	433	-	-	-	-	-	433	-	433
Balance at December 31, 2021	<u>\$ 3,974,954</u>	<u>1,579,698</u>	<u>2,409,315</u>	<u>434,369</u>	<u>7,444,695</u>	<u>10,288,379</u>	<u>(571,745)</u>	<u>15,271,286</u>	<u>551</u>	<u>15,271,837</u>

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

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2021 and 2020****(All amounts expressed in thousands of New Taiwan dollars)**

	2021	2020
Cash flows from operating activities:		
Income before tax	\$ 460,664	24,726
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	1,103,977	1,125,070
Expected credit losses (reversal of expected credit losses)	7,395	(8,722)
Net gains on financial assets measured at fair value through profit or loss	(2,792)	(2,860)
Interest expense	21,907	33,413
Interest income	(100,890)	(103,360)
Losses on disposal of property, plant and equipment	5,322	13,976
Unrealized losses (gains) on foreign exchange	11,088	(36,960)
Total adjustments to reconcile profit and loss	1,046,007	1,020,557
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	30,420	(4,926)
Accounts receivable	(882,004)	152,416
Other receivables	(25,313)	(50,868)
Inventories	(1,349,592)	196,449
Prepayments	(8,918)	22,093
Other current assets	(57,943)	(15,770)
Total net changes in operating assets	(2,293,350)	299,394
Net changes in operating liabilities:		
Notes payable	331,700	(28,537)
Accounts payable	297,520	186,085
Other payable	(66,867)	(111,431)
Other current liabilities	4,824	71,081
Net defined benefit liability	(10,389)	(15,292)
Total net changes in operating liabilities	556,788	101,906
Total net changes in operating assets and liabilities	(1,736,562)	401,300
Total adjustments	(690,555)	1,421,857
Cash inflow generated from operations	(229,891)	1,446,583
Interest income received	35,583	47,583
Interest paid	(22,357)	(37,309)
Income tax received (paid)	50,246	(118,920)
Net cash flows from (used in) operating activities	(166,419)	1,337,937
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	-	(626,162)
Proceeds from disposal of financial assets measured at fair value through profit or loss	419,567	1,055,357
Acquisition of property, plant and equipment	(297,637)	(347,129)
Proceeds from disposal of property, plant and equipment	5,313	41,786
Decrease (increase) in other financial assets — non-current	358,613	(781,056)
Increase in prepayments for equipment	(361,913)	(346,326)
Net cash flows from (used in) investing activities	123,943	(1,003,530)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,769,572	4,254,356
Decrease in short-term loans	(3,741,889)	(4,330,665)
Payment of lease liabilities	(49,541)	(47,008)
Cash dividends paid	(198,748)	(397,495)
Change in non-controlling interests	41	47
Net cash flows used in financing activities	(220,565)	(520,765)
Effect of exchange rate changes on cash and cash equivalents	(22,794)	(24,109)
Net decrease in cash and cash equivalents	(285,835)	(210,467)
Cash and cash equivalents at beginning of period	4,110,135	4,320,602
Cash and cash equivalents at end of period	\$ 3,824,300	4,110,135

CHIN-POON INDUSTRIAL CO., LTD.**PARENT COMPANY ONLY FINANCIAL STATEMENTS**

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

**Address: No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County,
Taoyuan City, Taiwan, R.O.C.**
Telephone: (03)3222226

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



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of Chin-Poon Industrial Co., Ltd. ("the Company"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. Subsequent measurements of inventories

Please refer to note 4(g), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the parent company only financial statements.

Description of key audit matter:

The inventories of the Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents on inventory subsequent measurements, and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(q) for the related disclosures on the refund liabilities for sales returns and discounts of the parent company only financial statements.

Description of key audit matter:

The Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Financial Position

December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Assets					21xx	Liabilities and Equity				
	Current assets:						Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 3,109,360	15	3,168,790	15	2100	Short-term loans (notes 6(k) and 9)	\$ 1,099,864	5	1,123,159	5
1110	Financial assets measured at fair value through profit and loss—current (note 6(b))	-	-	200,673	1	2150	Notes payable	817,394	4	485,694	2
1150	Notes receivable, net (notes 6(d) and (q))	-	-	7,735	-	2170	Accounts payable	1,007,392	5	959,668	5
1170	Accounts receivable, net (notes 6(d) and (q))	3,019,781	14	2,390,308	11	2180	Accounts payable—related parties (note 7)	985,013	5	732,705	4
1180	Accounts receivable—related parties, net (notes 6(d), (q) and 7)	9,448	-	13,644	-	2200	Other payables (notes 6(m), (r) and 7)	918,220	4	808,797	4
1200	Other receivables (note 6(e))	88,545	-	70,537	-	2230	Current tax liabilities	47,411	-	-	-
1210	Other receivables—related parties (notes 6(e) and 7)	1,353	-	2,173	-	2280	Current lease liabilities (note 6(l))	52,542	-	49,387	-
1220	Current income tax assets	1,829	-	109,830	1	2399	Other current liabilities (note 6(q))	651,138	3	676,884	3
130x	Inventories (notes 6(f) and 9)	2,626,463	12	1,834,600	9		Total current liabilities	5,578,974	26	4,836,294	23
1410	Prepayments	37,478	-	34,806	-	25xx	Non-Current liabilities:				
1476	Other financial assets—current (note 6(c))	376,821	2	385,626	2	2570	Deferred tax liabilities (note 6(n))	558,181	3	560,091	3
1479	Other current assets	54,495	-	79,683	-	2580	Non-current lease liabilities (note 6(l))	260,234	1	316,330	1
	Total current assets	9,325,573	43	8,298,405	39		Total non-current liabilities	818,415	4	876,421	4
15xx	Non-current assets:					2xxx	Total liabilities	6,397,389	30	5,712,715	27
1550	Investments accounted for under equity method (notes 6(g) and (h))	8,065,529	37	7,914,811	38	31xx	Equity (notes 6(h) and (o)):				
1600	Property, plant and equipment (notes 6(i), 7 and 9)	3,716,195	17	3,829,617	18	3110	Common stock	3,974,954	18	3,974,954	19
1755	Right-of-use assets (note 6(j))	299,651	1	357,028	2	3200	Capital surplus	1,579,698	7	1,579,225	8
1840	Deferred tax assets (note 6(n))	157,321	1	153,831	1	3300	Retained earnings:				
1915	Prepayments for equipment (note 9)	-	-	104,566	-	3310	Legal reserve	2,409,315	11	2,404,255	11
1975	Net defined benefit asset—non-current (note 6(m))	95,926	1	128,510	1	3320	Special reserve	434,369	2	350,229	2
1980	Other financial assets—non-current (note 6(c))	8,480	-	231,093	1	3350	Unappropriated earnings	7,444,695	35	7,430,852	35
	Total non-current assets	12,343,102	57	12,719,456	61			10,288,379	48	10,185,336	48
						3400	Other equity:				
						3410	Foreign currency translation differences for foreign operations	(571,745)	(3)	(434,369)	(2)
						3xxx	Total equity	15,271,286	70	15,305,146	73
1xxx	Total assets	\$ 21,668,675	100	21,017,861	100	2-3xxx	Total liabilities and equity	\$ 21,668,675	100	21,017,861	100

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

		2021		2020	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(q) and 7)	\$ 14,039,867	100	11,904,201	100
5000	Operating costs (notes 6(f), (m) and 7)	<u>13,450,625</u>	<u>96</u>	<u>11,436,183</u>	<u>96</u>
5900	Gross profit	<u>589,242</u>	<u>4</u>	<u>468,018</u>	<u>4</u>
6000	Operating expenses (notes 6(d), (e), (m), (r) and 7):				
6100	Selling expenses	342,823	3	302,628	3
6200	Administrative expenses	277,691	2	279,672	2
6300	Research and development expenses	57,946	-	52,560	-
6450	Expected credit losses (reversal of expected credit losses)	<u>6,335</u>	<u>-</u>	<u>(9,774)</u>	<u>-</u>
	Total operating expenses	<u>684,795</u>	<u>5</u>	<u>625,086</u>	<u>5</u>
6900	Operating loss	<u>(95,553)</u>	<u>(1)</u>	<u>(157,068)</u>	<u>(1)</u>
7000	Non-operating income and expenses (notes 6(i), (l), (s) and 7):				
7100	Interest income	16,338	-	20,078	-
7010	Other income	240,584	2	190,811	1
7020	Other gains and losses	276,004	2	(135,561)	(1)
7050	Finance costs	(15,231)	-	(24,167)	-
7070	Share of profit from the subsidiaries, the associates and the joint ventures	<u>26,826</u>	<u>-</u>	<u>86,782</u>	<u>1</u>
	Total non-operating income and expenses	<u>544,521</u>	<u>4</u>	<u>137,943</u>	<u>1</u>
7900	Income (loss) before income tax	448,968	3	(19,125)	-
7950	Less: Income tax expenses (benefit) (note 6(n))	<u>111,186</u>	<u>1</u>	<u>(65,243)</u>	<u>-</u>
	Net income	<u>337,782</u>	<u>2</u>	<u>46,118</u>	<u>-</u>
8300	Other comprehensive income (notes 6(m) and 6(n)):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	(44,989)	-	5,647	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(8,998)</u>	<u>-</u>	<u>1,129</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(35,991)</u>	<u>-</u>	<u>4,518</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign currency translation differences for foreign operations	(137,376)	(1)	(84,140)	-
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(137,376)</u>	<u>(1)</u>	<u>(84,140)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of tax	<u>(173,367)</u>	<u>(1)</u>	<u>(79,622)</u>	<u>-</u>
8500	Total comprehensive income	<u><u>\$ 164,415</u></u>	<u><u>1</u></u>	<u><u>(33,504)</u></u>	<u><u>-</u></u>
Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))					
9750	Basic earnings per share	<u><u>\$ 0.85</u></u>		<u><u>0.12</u></u>	
9850	Diluted earnings per share	<u><u>\$ 0.85</u></u>		<u><u>0.12</u></u>	

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.**Parent Company Only Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(All amounts expressed in thousands of New Taiwan dollars)**

	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Other equity Foreign currency translation differences for foreign operations	Total equity
Balance at January 1, 2020	\$ 3,974,954	1,578,800	2,335,852	142,180	8,054,194	10,532,226	(350,229)	15,735,751
Appropriation and distribution:								
Legal reserve	-	-	68,403	-	(68,403)	-	-	-
Special reserve	-	-	-	208,049	(208,049)	-	-	-
Cash dividends	-	-	-	-	(397,495)	(397,495)	-	(397,495)
Net income for the year	-	-	-	-	46,118	46,118	-	46,118
Other comprehensive income for the year	-	-	-	-	4,518	4,518	(84,140)	(79,622)
Total comprehensive income for the year	-	-	-	-	50,636	50,636	(84,140)	(33,504)
Changes in the ownership interests in subsidiaries	-	-	-	-	(31)	(31)	-	(31)
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	425	-	-	-	-	-	425
Balance at December 31, 2020	3,974,954	1,579,225	2,404,255	350,229	7,430,852	10,185,336	(434,369)	15,305,146
Appropriation and distribution:								
Legal reserve	-	-	5,060	-	(5,060)	-	-	-
Special reserve	-	-	-	84,140	(84,140)	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	337,782	337,782	-	337,782
Other comprehensive income for the year	-	-	-	-	(35,991)	(35,991)	(137,376)	(173,367)
Total comprehensive income for the year	-	-	-	-	301,791	301,791	(137,376)	164,415
Changes in ownership interests in subsidiaries	-	40	-	-	-	-	-	40
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	433	-	-	-	-	-	433
Balance at December 31, 2021	<u>\$ 3,974,954</u>	<u>1,579,698</u>	<u>2,409,315</u>	<u>434,369</u>	<u>7,444,695</u>	<u>10,288,379</u>	<u>(571,745)</u>	<u>15,271,286</u>

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	2021	2020
Cash flows from operating activities:		
Income (loss) before tax	\$ 448,968	(19,125)
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	602,488	598,135
Expected credit losses (reversal of expected credit losses)	6,335	(9,774)
Net gains on financial assets measured at fair value through profit or loss	(378)	(223)
Interest expense	15,231	24,167
Interest income	(16,338)	(20,078)
Share of profits of associates and joint ventures accounts for under equity method	(26,826)	(86,782)
Losses on disposal of property, plant and equipment	1,353	535
Unrealized losses (gains) on foreign exchange	15,220	(22,782)
Total adjustments to reconcile profit and loss	597,085	483,198
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	7,735	2,535
Accounts receivable	(612,057)	135,539
Accounts receivable-related parties	4,196	3,920
Other receivables	(17,591)	(36,069)
Other receivables-related parties	820	9,861
Inventories	(791,863)	170,813
Prepayments	(2,672)	14,682
Other current assets	25,188	(30,722)
Total net changes in operating assets	(1,386,244)	270,559
Net changes in operating liabilities:		
Notes payable	331,700	(28,537)
Accounts payable	42,884	130,867
Accounts payable—related parties	244,460	(310,459)
Other payable	(38,038)	(73,593)
Other current liabilities	(20,979)	17,365
Net defined benefit liability	(12,405)	(11,935)
Total net changes in operating liabilities	547,622	(276,292)
Total net changes in operating assets and liabilities	(838,622)	(5,733)
Total adjustments	(241,537)	477,465
Cash inflow generated from operations	207,431	458,340
Interest income received	16,150	20,534
Interest paid	(16,156)	(27,810)
Income tax received (paid)	47,824	(55,934)
Net cash flows from operating activities	255,249	395,130
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	-	(200,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss	201,051	242,501
Acquisition of investments accounted for under equity method	(261,228)	(281,713)
Acquisition of property, plant and equipment	(104,066)	(163,890)
Proceeds from disposal of property, plant and equipment	831	28,648
Decrease in other receivables due from related parties	-	89,973
Decrease (increase) in other financial assets—non-current	227,677	(376,975)
Increase in prepayments for equipment	(77,613)	(111,365)
Dividend received	-	599,880
Net cash flows used in investing activities	(13,348)	(172,941)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,030,178	3,136,542
Decrease in short-term loans	(3,083,220)	(2,979,565)
Payment of lease liabilities	(49,541)	(47,008)
Cash dividends paid	(198,748)	(397,495)
Net cash flows used in financing activities	(301,331)	(287,526)
Net decrease in cash and cash equivalents	(59,430)	(65,337)
Cash and cash equivalents at beginning of period	3,168,790	3,234,127
Cash and cash equivalents at end of period	\$ 3,109,360	3,168,790

ARTICLES OF INCORPORATION OF CHIN-POON INDUSTRIAL CO., LTD.

Chapter One General Provisions

- Article 1 The Company shall be incorporated under the Company Act. The company is named "CHIN-POON INDUSTRIAL CO., LTD".
- Article 2 The scope of business shall be as follow:
1. CC01080: Electronic Parts and Components Manufacturing.
 2. CQ01010: Die Manufacturing.
 3. F401010: International Trade.
 4. I301010: Software Design Services.
 5. F213030: Retail sale of Computing and Business Machinery Equipment.
 6. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2.1 The Company may make endorsements or provide guarantees for others in accordance with the Operational Procedures for making endorsements or providing guarantees.
- Article 2.2 The total amount of the Company's domestic and foreign business investments may not be subject to the restrictions on the amount of total investment by the Company Act, but shall not exceed twice the amount of paid-in capital.
- Article 3 The Company shall set up its headquarters in Taoyuan City of Taiwan Province. Whenever necessary, branch companies or offices may be set up at any domestic or foreign locations by decision of the Board of Directors.
- Article 4 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act and the rules and regulations of the securities regulatory agency.

Chapter Two Shares

- Article 5 The total capital amount of the Company shall be four billion and five hundred million New Taiwan Dollars accounting for four hundred and fifty million shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. Board of Directors is authorized to issue the unissued shares in installments.
- Article 6 The share of the Company shall be registered share. The company may

be exempted from printing any share certificate for the shares issued. If the Company prints share certificates, it shall do so in accordance with the provisions of the Company Act and other relevant laws of the Republic of China.

Article 7 The handling of stock affairs of the Company shall comply with applicable regulations and rules by the supervising authorities.

Article 8 The entries in its shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting., or within 5 days prior to the reference date set by the issuing company for distribution of dividends, bonus or other benefits.

Chapter Three Shareholders' Meeting

Article 9 Shareholders' meeting shall be of two types, namely regular and special shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each fiscal year and the latter shall be convened in accordance with laws whenever necessary.

Article 10 In case a shareholder is unable to attend a shareholders' meeting, he/she may issue proxy to delegate his representative to the Meeting in accordance with Article 177 of Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 11 When the Shareholders' meeting is convened by the Board of Directors (BOD), the Chairperson of the board shall act as the Shareholders' Meeting Chairperson. In the absence of the Chairperson of the board, delegation of the Acting chairperson shall be made in accordance with Article 208, paragraph 3 of the Company Act. When the Shareholders' meeting is convened by any competent person beyond the BOD, the Shareholders' meeting Chairperson shall be acted by such competent person. Provided there are two or more such competent persons, they shall elect one person among themselves to act as the Shareholders' meeting Chairperson.

Article 12 Except otherwise ruled by the applicable regulations, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 13 Except otherwise ruled by the Company Act or other applicable regulations, any resolution to be passed by the Shareholders' meeting shall require a quorum of shareholders representing over half the number of issued stock shares, and be approved by over half the number of attending shareholders with the voting rights. According to regulatory

requirements, shareholders may also vote via an electronic voting system. Those who vote via an electronic voting system shall be deemed as attending the shareholders' meeting in person. The matters with regard to electronic voting shall be conducted in accordance with the applicable laws and regulations.

Article 14 Any resolutions made at the Shareholders' meeting shall be recorded in the Meeting Minutes, which shall clearly record the date and place of the meeting, the name of the chairperson, the resolution method, the main points and results of the discussion process, the number of attending shareholder and their voting rights. The Minutes shall be signed or sealed by the Chairperson and processed in accordance with Article 183 of the Company Act.

The meeting minutes shall be maintained in the company together with the record containing signatures of the shareholders attending the meeting and the proxy statements.

Chapter Four Directors and Audit Committee

Article 15 The Company shall have nine (9) Directors and an Audit Committee for a term of three (3) years, who shall be elected under candidates nomination system as specified in Article 192-1 of the Company Act ,and shall be persons with disposing capacity, and be elected and appointed by the Shareholders' Meeting. The term may be renewed upon re-election.

There shall be three (3) Independent Directors among all elected directors. Independent directors shall be elected under candidate nominating system. The shareholders shall elect the Independent Directors from among the nominees listed in the roster of Independent Director Candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, method of nominating and electing, and other requirements with regard to the independent directors shall be governed in accordance with the rules and regulations of the regulatory agencies.

The elected Directors may pass the resolution of the Board of the Company to have the liability insurance coverage within the scope of their duties.

Article 15.1 The Company shall establish an Audit Committee in accordance with Article 14.4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The exercising authority and matters relevant to the audit committee and its members shall be governed in accordance with the rules and regulations of the regulatory agencies.

- Article 16 In the absence of more than one third of the total number of Directors, the BOD shall call a special Shareholders' Meeting within 60 days for re-election of their replacements, who shall continue to serve their remaining terms.
- Article 17 Provided no re-election is possible at the time when the term of Directors expires, their term may be extended until the date when new Directors are elected.
- Article 18 The board of directors shall elect a chairperson of the board from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. Election of the Vice Chairperson shall follow the same rule of electing the Chairperson. Each director shall attend the meeting of the board of directors in person. A director may be represented by another director.
- Article 19 Except for the first Board Meeting of each term, which shall be convened per Article 203 of Company Act, the remaining Board Meetings shall be called and presided over by the Chairperson of the board. When the Chairperson of the board is on leave or for any reason unable to fulfill his/her duty as the chairperson, the proxy shall be appointed in accordance with Article 208 of the Company Act.
- Article 19.1 In calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice of meeting of Board to be convened should be given to the directors in writing, by e-mail or by fax.
- Article 20 Any resolution by the BOD, except otherwise ruled by the Company Act, shall require a meeting attendance by over half the number of total Directors, and an approval by over half the attending Directors. Provided any Director cannot attend the Board Meeting due to any reason, he/she shall issue a written proxy, clearly stating the scope of authorized powers. A director may accept the appointment to act as the proxy of one other director only.
- Article 21 For any issues discussed at the Board Meeting, they shall be recorded in a meeting minute, which shall be signed and sealed by the Chairperson, and be distributed to all Directors in the following twenty (20) days. The meeting minutes shall record a summary of the essential points of the proceedings and the results of the meeting. The meeting Minutes, as well as the attendance list bearing the signatures of Directors present at the meeting and the powers of attorney of the proxies shall be kept by the

Company.

- Article 22 All Directors of the Company shall be paid a certain amount of traveling fees. Provided any Director is concurrently acting other positions of the Company, he/she shall be paid a salary per normal standards.

Chapter Five Managers

- Article 23 The Company may have a number of managers and one General Manager. The appointment and dismissal of managers, and their compensation and benefits shall be decided per Article 29 of the Company Act.

Chapter Six Accounting

- Article 24 At the end of each fiscal year, the BOD shall compile the following statements, which shall be submitted to the regular Shareholders' Meeting 30 days in advance, and apply for approval by the Shareholders' Meeting after verification by the Audit Committee:
- I. the business report;
 - II. the financial statements; and
 - III. the surplus earnings distribution or loss make-up proposal.
- Article 25 When the Company makes profits in a year, 2%~10% of the yearly profits shall be allocated for employee bonuses, and not more than 3% of the yearly profits for the remuneration of directors. However, when the company has accumulated losses, the profit shall be used to cover the accumulated losses beforehand. The employees for bonus distribution shall include qualified employees of subsidiary companies.
- Article 26 Should there be any remaining earnings after making the final settlement of account every year and after allocating for tax payments according to laws, they shall first be used to cover accumulated losses, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, a special reserve can be allocated because of operational consideration and regulatory imperatives. Among the rest of the remaining earnings of the yearly profits, the dividends or bonuses to shareholders shall range from 20% to 80%, The rest is unallocated remaining earnings and will be added to the remaining earnings of previous years. The board can make a proposal of distributing those remaining earnings for the Shareholders' Meeting to approve.

- Article 26.1 The dividend policy shall take into consideration the actual business environment and stage of business growth. The BOD shall prepare and submit the specific distribution plans for implementation after approval by the Shareholders' Meeting, in view of future fund needs and the financial plans under the optimal principle of cash dividend and stock dividend. The cash dividend shall not be less than 20% of the total current-time Distribution, and shall not be less than 50% of the total current-time Distribution if the Company can acquire enough external financing. The actual distribution amount, category and proportions of the earnings shall be decided and adjusted per actual profitability and capital status and be resolved by the Shareholders' Meeting.

Chapter Seven Appendix

- Article 27 The regulations governing the organizations of the Company and the rules on all kinds of operational procedures shall be separately decided by the BOD.
- Article 28 For any other issues unstated herein, the Company Act and applicable regulations shall govern.
- Article 29 These Articles of Association were enacted on Aug. 11, 1979 and amended
on Aug. 26, 1979 for the first time,
on Sep 11, 1979 for the second time,
on Jan. 13, 1981 for the third time,
on Aug. 2, 1983 for the fourth time,
on Oct. 15, 1985 for the fifth time,
on Nov. 15, 1986 for the sixth time,
on Apr. 22, 1987 for the seventh time,
on Nov. 20, 1987 for the eighth time,
on Jan. 9, 1988 for the ninth time,
on Nov. 1, 1989 for the tenth time,
on May 2, 1990 for the eleventh time,
on May 12, 1991 for the twelfth time,
on May 23, 1992 for the thirteenth time,
on May 16, 1993 for the fourteenth time,
on May 7, 1995 for the fifteenth time,
on May 19, 1996 for the sixteenth time,
on Sep 14, 1996 for the seventeenth time,
on Apr. 30, 1997 for the eighteenth time,
on Jun. 9, 1999 for the nineteenth time,

on May 23, 2000 for the twentieth time,
on Apr. 25, 2001 for the twenty-first time,
on May 31, 2002 for the twenty-second time,
on May 31, 2002 for the twenty-third time,
on Jun. 13, 2003 for the twenty-fourth time,
on Jun. 15, 2004 for the twenty-fifth time,
on May 18, 2005 for the twenty-sixth time,
on Jun. 13, 2007 for the twenty-seventh time,
on Jun. 16, 2009 for the twenty-eighth time,
on Jun. 15, 2010 for the twenty-ninth time,
on Jun. 28, 2012 for the thirtieth time,
on Jun. 24, 2015 for the thirty-first time,
on Jun. 14, 2016 for the thirty-second time,
on Jun. 22, 2017 for the thirty-third time,
on Jun. 27, 2019 for the thirty-fourth time,
and on Jun. 23, 2020 for the thirty-fifth time.

Appendix 3

CHIN-POON INDUSTRIAL CO., LTD.

Operational Procedures for Acquisition and Disposal of Assets

Article 1 Objective

To protect assets and implement information disclosure, this procedure has been established, and shall be adopted for any asset acquisition and disposal.

Article 2 Compliance

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

Article 3 Scope of Assets

“Assets” used herein should mean:

- 3.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 3.2 Real property (including land, houses and buildings, investment property, and inventory of construction industry) and equipment.
- 3.3 Memberships.
- 3.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 3.5 Right-of-use assets.
- 3.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 3.7 Derivatives.
- 3.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 3.9 Other major assets.

Article 4 Terminology

- 4.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a

specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- 4.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under the Article 156-3 of the Company Act.
- 4.3 Related party and Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.4 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- 4.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. For investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 4.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 4.7 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises,

securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

- 4.8 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 4.9 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Appraisal Reports and Opinions

- 5.1 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - 5.1.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - 5.1.2 May not be a related party or de facto related party of any party to the transaction.
 - 5.1.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.
 - 5.1.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the

following:

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

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

Article 6 Procedures for Acquisition and Disposal of Real Property and Equipment

6.1 Assessment, Optional Procedures and Executing Units

- 6.1.1 When the Company acquires or disposes of real property and equipment, the unit who uses the assets shall collect the necessary information, compare and analyze the details, and proposes the terms of the transaction for approval through the relevant authorization system.
- 6.1.2 The executing unit of disposal assets shall compile a report which contains the reason of disposal, disposal assets, the counterparties, the disposal price, the payment term, reference materials of determining the price and the mandatory items of public announcement , and submit it to their decision-makers for approval in accordance with the relevant operational rules of the Company's internal control and the Procedures.

- 6.1.3 With regard to acquisition and disposal of assets, their user or their administrator is responsible for preparing the documents for assessment and approval by the relevant supervisors. They can acquire or dispose of the assets only after having gotten approval.
- 6.2 The appraisal for acquisition or disposal of real property or equipment or their right-of-use assets
- In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
- 6.2.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- 6.2.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- 6.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
- 6.2.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
- 6.2.3.2 The discrepancy between the appraisal results of two or

more professional appraisers is 10 percent or more of the transaction amount.

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

Article 7 Procedures for Acquisition and Disposal of Securities

7.1 Assessment, Optional Procedures and Executing Units

- 7.1.1 When the Company acquires or disposes of Securities, Finance Department shall collect the necessary information, compare and analyze the details, and proposes the terms of the transaction for approval through the relevant authorization system.

- 7.1.2 The Company's acquisition and disposal of securities shall comply with the following guideline:

- 7.1.2.1 Securities for liquidity management: As part of the finance department's fund allocation, the finance department handle them at its own discretion according to the necessity of liquidity management and is not restricted by the quota. However, except for domestic listed money funds, other securities for liquidity management are subject to the approval of the chairperson and general manager.

- 7.1.2.2 Investment in securities other than domestic listed money funds: Equity investment within NT\$ 5 million (inclusive) and debt investment within NT\$ 25 million (inclusive) are proposed by the finance department and submitted to the chairperson and general manager for approval; equity investment over NT\$ 5 million and debt investment over NT\$ 25 million are proposed by the finance department and submitted to the board of directors for approval.

Debt investments include "bond-like investments".

Bondlike investments include both redeemable convertible bonds and preferred stock for the purpose of dividend distribution.

If the cumulative balance of equity investment has

exceeded NT\$ 25 million (excluding) or the cumulative balance of debt investment (including bond-like investments) has exceeded NT\$ 100 million (excluding), the excess part of the investment must be approved by the board of directors.

7.2 The method and reference materials for determining the transaction price

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price and shall adopt the following methods to determine the transaction price :

7.2.1 When the Company acquires or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices.

7.2.2 When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall refer to the target company's net worth per share, profitability, future prospect and the last transaction prices or refer to the interest rate in the market, the coupon rate of the bonds or the credit of the debtors to appraise the securities.

7.3 Obtaining experts' opinion

If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall, prior to the date of occurrence of the event, additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 8 Procedures for Acquisition and Disposal of Intangible Assets or Right-of-use Assets thereof or Memberships

8.1 Assessment, Optional Procedures and Executing Units

When the Company acquires or disposes of memberships or intangible assets, the unit who uses the assets shall collect the necessary information, compare and analyze the details, and proposes the terms of the transaction for approval through the relevant authorization system.

8. 2 Experts' appraisal report on memberships or intangible assets
Where The Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 8-1 Calculation of Transaction Amount

The calculation of the transaction amount referred to in Articles 6, 7 and 8 shall be handled in accordance with Article 12.2.8.

Within the preceding year: Refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained in accordance with the Procedures need not be counted.

Article 9 Procedures for Acquisition and Disposal of Real Property from or to a Related Party

- 9.1 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the handling is in accordance with Article 6 of the Procedures, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also handle the relevant resolution procedures and the assessment of the reasonableness of the transactions in accordance with the following provisions. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- 9.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10

percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and the audit committee:

- 9.2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- 9.2.2 The reason for choosing the related party as a trading counterparty.
- 9.2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9.3.1, 9.3.2, 9.3.3, 9.3.4 and 9.3.6 of the Procedures.
- 9.2.4 The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- 9.2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- 9.2.6 An appraisal report from a professional appraiser or a CPA's opinion in accordance with Article 6.2 of the Procedures.
- 9.2.7 Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12.2.8 of the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and the audit committee need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100

percent of the issued shares or authorized capital, the company's board of directors may pursuant to the Article 7, paragraph 1, subparagraph 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

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

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which Article 15.1 of the Procedures requires recognition by the audit committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to Article 15.1 and 15.3 of the Procedures.

9.3 Evaluation of the reasonableness of the transaction costs

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

9.3.1.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property. But it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

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

9.3.2 Where land and structures thereupon are combined as a

single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

9.3.3 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 9.3.1 and 9.3.2 of the Procedures shall also engage a CPA to check the appraisal and render a specific opinion.

9.3.4 Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 9.1 and 9.2 of the Procedures and Article 9.3.1 and 9.3.3 of the Procedures do not apply:

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

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

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

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

9.3.5 When the Company acquires real property or right-of-use assets thereof from a related party and the results of the Company's appraisal conducted in accordance with the article 9.3.1 and 9.3.2 are uniformly lower than the transaction price, the matter shall be handled in compliance with the article 9.3.6. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

9.3.5.1 Where the related party acquired undeveloped land or

leased land for development, it may submit proof of compliance with one of the following conditions:

- 9.3.5.1.1 Where undeveloped land is appraised in accordance with the means in the preceding article, and structures is appraised according to the related party's construction cost plus reasonable construction profit, the total appraised amount of both are in excess of the actual transaction price. The "Reasonable construction profit" shall be the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
- 9.3.5.1.2 If there are completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, the land area and transaction terms of the Company's acquisition are similar to them after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- 9.3.5.2 Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

preceding the date of occurrence of the acquisition of the real property or right-of-use assets.

9.3.6 Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the article 9.3.1 and 9.3.2 are uniformly lower than the transaction price, the following steps shall be taken:

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

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

9.3.6.2 The independent director members of the audit committee shall comply with the Article 218 of the Company Act.

9.3.6.3 Actions taken pursuant to Article 9.3.5.1 and 9.3.5.2 of the Procedures shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

9.3.7 When a public company obtains real property or right-of-use assets from a related party, it shall also comply with Article 9.3.6 of the Procedures if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10 Procedures for Acquisition and Disposal of Derivatives

The Company's derivatives transactions shall be in compliance with the Company's "Operational Procedures for Derivatives Transactions". The Company shall pay strict attention to control of the important risk management and auditing matters in order to implement the internal control of the derivatives transactions. The general manager is responsible for periodically evaluating whether derivatives transactions performance is consistent with established business strategy and whether the risk undertaken is within the company's permitted scope of tolerance. If the general manager find significant anomalies, the general manager should report them to the board of directors.

The Company shall authorize the relevant persons for them to do derivatives transactions in accordance with the provisions of the Operational Procedures for Derivatives Transactions and report the list of the authorized persons to the board of directors in the next board meeting.

Article 11 Procedures for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

11.1 Assessment and Optional Procedures

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

subsidiaries' issued shares or authorized capital.

- 11.1.2 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders, which contains important contractual content and matters relevant to the merger, demerger, or acquisition, prior to the shareholders meeting and include it along with the expert opinion referred to in Article 11.1.1 of the Procedures when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

11.2 Other important matters

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

The Company and other counterparties participating in a transfer of shares shall call a board of directors meeting on the same day, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- 11.2.2 Written undertaking of confidentiality: Every person

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

11.2.3 Alteration of the share exchange ratio or acquisition price:

Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

11.2.3.1 Cash capital increase, issuance of convertible

corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

11.2.3.2 An action, such as a disposal of major assets, that affects the company's financial operations.

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

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

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

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

11.2.4 Required items in the contract: The contract of a merger, demerger, acquisition, or transfer of shares participated by the Company shall, in addition to compliance with Article 317-1 of the Company Act and Article 22 of the Enterprises Mergers and Acquisitions Act, record the rights and obligations of the companies participating in the merger, demerger, acquisition,

or transfer of shares, and shall also record the following:

11.2.4.1 Handling of breach of contract.

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

11.2.4.3 The amount of treasury stock which the participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

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

11.2.4.5 The execution schedule and expected completion date.

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

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

11.2.6 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company in accordance with the relevant provisions.

11.2.7 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

11.2.7.1 Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or

passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

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

11.2.7.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

11.2.8 When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article 11.2.7.1 and 11.2.7.2 of the Procedures to the FSC for recordation.

Article 12 Information Disclosure

12.1 Deadline of disclosure

Under the requirement in Article 12.2 of the Procedures, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

12.2 Required items and criteria for disclosure

12.2.1 Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more. This shall not apply to

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

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

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

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

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

12.2.4.2 For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

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

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

12.2.7 Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in

capital or NT\$300 million. But this shall not apply to the following circumstances:

12.2.7.1 Trading of domestic government bonds.

12.2.7.2 Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

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

12.2.8 The amount of transactions referred to in Article 12.2.4 ~ 12.2.7 of the Procedures shall be calculated as follows.

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

12.2.8.1 The amount of any individual transaction.

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

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

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

12.3 Public announcement and regulatory filing procedures

12.3.1 The Company shall publicly announce and report the relevant

information on the FSC's designated website.

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

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

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

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

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

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

12.3.5.3 Change to the originally publicly announced and reported information.

Article 13 Information Disclosure of the Company's Subsidiaries

13.1 The subsidiaries of the Company shall establish and implement Operational Procedures for Acquisition and Disposal of Assets for the acquisition or disposal of assets in compliance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Where the subsidiary is not a public company, establishment and amendment of the Procedures shall be approved

by its board of directors; where the subsidiary is a public company, establishment and amendment of the Procedures shall be in compliance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

- 13.2 Information required to be publicly announced and reported in accordance with Article 12 of the Procedures on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.
- 13.3 The subsidiary should make a public announcement and regulatory filing if the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets. The paid-in capital or total assets referred to in this criterion means the paid-in capital or total assets of the Company. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 14 Other Important Matters and Discipline

- 14.1 The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives transactions and the approval dates by the board of directors shall be recorded in detail. Internal audit personnel shall periodically conduct a monthly audit of how faithfully derivatives transactions by the trading department adheres to the procedures for engaging in derivatives transactions. If any material violation is discovered, all audit committee members shall be notified in writing.
- 14.2 The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions provided by CPA, attorney, and securities underwriter at the company headquarters, where they shall be retained for 5 years except where another Act provides otherwise.
- 14.3 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.
- 14.4 The employees of the Company who are responsible for acquisition and disposal of assets and violate the provisions of the Procedures shall be disciplined depending on the seriousness of their violations in

accordance with the company's personnel management procedures or employees work rules.

Article 15 Implementation and Amendment

15.1 The Company adopts the following procedure to establish and revise the Procedures. After the Procedures have been approved by the audit committee, they shall be submitted to the board of directors for approval and then to a shareholders' meeting for resolution. The same applies when the procedures are amended. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each audit committee member. The board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

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

15.2 With respect to the Company's acquisition or disposal of assets that is subject to the approval of more than half of all audit committee members, If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

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

Article 16

The matters which are not stipulated by the Procedures are governed by the relevant laws and regulations and by the Company's policies and procedures.

Article 17 History of Revision

17.1 The Procedures were enacted on June 28, 2012.

- 17.2 Amended on June 18, 2013.
- 17.3 Amended on June 24, 2014.
- 17.4 Amended on June 22, 2017.
- 17.5 Amended on June 27, 2019.
- 17.6 Amended on June 23, 2020.
- 17.7 Amended on July 30, 2021.

CHIN-POON INDUSTRIAL CO., LTD.

Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with applicable laws and regulations.
2. The shareholders referred to in The Rules and Procedures mean the shareholder attending the Meeting in person and the proxies of the shareholders unable to attend.
3. Shareholders attending the Meeting shall wear the attendance badges and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
4. Chairperson shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairperson may postpone the time for the Meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for longer than one hour in the aggregate. If no quorum can yet be constituted after two postponements but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act. The aforesaid tentative resolutions shall be executed in accordance with applicable provisions of the Company Act.

If the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum during the process of the Meeting, the chairperson may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.

5. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairperson cannot announce

adjournment of the Meeting before all the items (including special motions) listed in the agenda are resolved. The shareholders cannot designate any other person as chairperson and continue the Meeting in the same or other place after the Meeting is adjourned.

6. During the meeting, the chairperson may announce a recess in a time as appropriate. If all the items in the agenda are not resolved in the Meeting, a resolution may be adopted at a shareholders' meeting to defer or resume the Meeting within 5 days in accordance with Article 182 of the Company Act. In this case, the Company does not need to issue a public notice for that.
7. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with a summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairperson. If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairperson, no shareholder shall interrupt the speeches of the other shareholders. Otherwise the chairperson shall stop such interruption.
8. Unless otherwise permitted by the chairperson, each shareholder shall not, for each discussion item, speak more than two times (not exceeding 3 minutes each time). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairperson may stop the speech of such shareholder. Other shareholders have the right to ask the chairperson to stop the speech of such shareholder.
9. The chairperson may announce to end the discussion of any resolution and go into voting if the Chairperson deems it appropriate.
10. Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

A shareholder shall be entitled to one vote for each share held. A shareholder may appoint a proxy to attend the Meeting on he/she/it behalf. With the exception of a trusted enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three (3) percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means.

When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting Notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her/its rights with respect to the special motions and any and all amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of special motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS).

11. The calculation of attendance and voting of the Meeting shall be based on the number of shares.
12. The venue for a shareholders' meeting shall be in the same city of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
13. A shareholders' meeting shall be presided by the Chairperson of the Board if convened by the board of directors. In the event that the Chairperson of the Board is on leave or for whatever reason unable to perform his/her function in the meeting, the Vice Chairperson of the Board shall act in his/her stead. In case

- of no Vice Chairperson of the Board or in the event that the Vice Chairperson of the Board is on leave or for whatever reason unable to perform his/her function in the meeting, the Chairperson of the Board shall appoint a director to act in his/her stead. In the event that the Chairperson of the Board does not appoint a proxy, a director shall be elected from among themselves to preside the meeting. In the event that a shareholders' meeting is convened by an eligible convener beyond the board of directors, the meeting shall be presided by that convener.
14. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
 15. The process of the Meeting shall be tape-recorded or video-taped and these tapes shall be preserved for at least one year.
 16. If there is amendment to or substitute for a proposal, the chairperson shall decide the sequence of voting for such proposal, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
 17. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
 18. After the speech of a shareholder, the chairperson may respond by himself/herself or appoint an appropriate person to respond.
 19. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots for resolution of proposals or election of directors shall be appointed by the chairperson. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
 20. The chairperson may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
 21. In case of incident of force majeure, such as air strike, earthquake, fire and etc., the chairperson may immediately announce to stop or temporarily suspend the Meeting in order for all persons to evacuate from the dangerous places. The chairperson may announce a new schedule for the Meeting one hour later when the crisis is over.
 22. Any matter not provided in The Rules and Procedures shall be handled in accordance with applicable laws and regulations.
 23. The Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix 5

CHIN-POON INDUSTRIAL CO., LTD.

Shareholdings of All Directors

1. According to Article 26 of the Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares held by all directors other than independent directors shall be 15,899,817 shares.
2. The following table shows the shareholdings of all directors on the record date.

Title	Name	Election Date	Term	Shareholdings on the Election Date (Note 1)		Shareholdings on the Record Date of April 26, 2022 (Note 2)	
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Chairperson	TSENG-LIU, YU-CHIH	2020.6.23	3 years	9,603,279	2.42	9,603,279	2.42
Director	LIN, PI-CHI	2020.6.23	3 years	7,750,649	1.95	7,282,649	1.83
Director	TUNG, HSIAO-HUNG	2020.6.23	3 years	6,308,043	1.59	6,308,043	1.59
Director	HUANG, WEI-JIN	2020.6.23	3 years	13,238,409	3.33	11,238,409	2.83
Director	LAI, HWEI-SHAN	2020.6.23	3 years	6,283,114	1.58	6,283,114	1.58
Director	TSENG, WEN-YU	2020.6.23	3 years	5,546,357	1.40	5,546,357	1.40
Independent Director	CHEN, HSIANG-SHENG	2020.6.23	3 years	88,637	0.02	88,637	0.02
Independent Director	CHEN, SHI-SHU	2020.6.23	3 years	0	0	0	0
Independent Director	HSU, SUNG-TSAI	2020.6.23	3 years	1,242	0.00	1,242	0.00
	Total			48,819,730	12.29	46,351,730	11.67

Note 1: Total shares issued as of the record date were 397,495,420 Common Shares.

Note 2: The Company has set up an audit committee, so the Company is exempted from the requirement that the number of shares held by the supervisors shall not be less than a certain percentage.