



Nishoku Technology Inc.

General Shareholders' Meeting 2022
Meeting Handbook
(Translation)

Meeting type: Physical Shareholders Meeting

Time : **9:00**A.M., Wednesday, June **15, 2022**

Location : Amazing Hall Xinzhuang Branch Theatre D

Address : No.40, Siyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)

Note to Readers :

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

Nishoku Technology Inc.
Handbook for the 2022 Annual Meeting of Shareholders

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[Meeting Procedure]

Meeting type: Physical Shareholders Meeting

Time: 9:00 a.m. on Wednesday, June 15, 2022

Location: Amazing Hall, Xinzhuang Branch

(Theater D, No. 40, Siyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan)

1. **Call the Meeting to Order**
2. **Chairperson's address**
3. **Report Items**
 - (1) 2021 Business Reports
 - (2) Audit Committee's Review Reports
 - (3) Report of all endorsements and guarantees tendered in 2021
 - (4) Report on the Distributions of the Remunerations to the Company's Employees and Directors for 2021
 - (5) Report on the Distributions of the Cash Dividends for 2021
 - (6) Report on Cash Distribution from Capital Reserve
4. **Acknowledgments**
 - (1) Adoption of the 2021 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2021 Earnings
5. **Discussion Items**
 - (1) Amendment to the "Articles of Incorporation"
 - (2) Amendment to the "Rules and Procedures of Meetings of Shareholders"
 - (3) Amendment to the "Procedures for Acquisition or Disposal of Assets"
 - (4) Proposal to issue Restricted Stock Awards for employees
6. **Election Items**

Election of nine Directors (including three Independent Directors)
7. **Other Items**
 - (1) Exemption of the limitation of non-competition on the directors of the Company
8. **Extemporaneous Motions**
9. **Adjournment**

[Report Items]

Report No. 1

The 2021 Business Report

Explanation:

The 2021 Business Report is attached as Appendix I.

Report No. 2

The Audit Committee Audit Report

Explanation:

The 2021 Audit Committee's Review Report is attached as Appendix II.

Report No. 3

All Endorsement/Guarantees Tendered in 2021

Explanation:

The Status Of Endorsement And Guarantee of the company and its subsidiaries in 2021 is stated as follows:

December 31, 2021 Unit: NT\$ thousand

Company Name Of Endorser	Endorseees		Balance Of Endorsements -End	Accumulative Endorsement as a Percentage of current net worth (%)
	Company Name	Relation		
Nishoku Technology Inc.	NISHOKU TECHNOLOGY VIETNAM Co., Ltd.	Subsidiary, 100% owned by Nishoku Technology Inc.	1,184,704	26.83%
Nishoku Technology Inc.	NISHOKU BOUEKI CO., LTD.	Subsidiary, 100% owned by Nishoku Technology Inc.	175,360	3.97%
Total (the Company)			1,360,064	

- The endorseees are all subsidiaries to be directly or indirectly 100% owned by Nishoku Technology Inc. The purposes of endorsements and guarantees for subsidiaries are the derivative liabilities of guarantee resulting from group sharing of credit line of bank.
- In accordance with "Procedures for Endorsement/Guarantees" of Nishoku Technology Inc., the limit of endorsement/guarantees make to subsidiaries in which the Company holds directly or indirectly 100% of the voting shares is not restricted to the limit for endorsement/guarantees to one single entity; provided that it shall not exceed the accumulated total of endorsement/guarantees to other

entities. As of Mar. 31, 2022, the balance of the Company's endorsement/ guarantees accounted for 28.77% of the Company's net worth.

Report No. 4

Report on the distributions of the remunerations to the Employees and Directors for 2021

Explanation:

1. Pursuant to Article 20 of the Company's Articles of Incorporation, in circumstances where the Company has an annual profit, the Company shall appropriate remuneration of no less than 1% and no higher than 5% to employees and directors, respectively.
2. The Company's 2021 remuneration to employees and directors has been approved by the Remuneration Committee and the Board are NT\$ 27,000,000 and NT\$ 10,020,000, respectively. The compensations shall be distributed in form of cash.

Report No. 5

Report on the Distributions of the Cash Dividends for 2021

Explanation:

1. Pursuant to Article 20 of the Company's Articles of Incorporation, the Board is authorized to distribute dividends and bonuses in cash after resolution, and submitted such distribution to the shareholders' meeting.
2. The 2021 profit distributable to shareholders totaling NT\$532,747,947 is proposed and approved by special resolution to be distributed in the form of cash only, of NT\$ 8.5 per share. Cash dividends distributed are rounded down to the nearest NTD 1. The fractional amount is recorded under the Company's other revenue, and the Chairman is authorized to determine the ex-dividend date and distribution date. If the number of shares participating in the distribution is affected by the Company's buying back, transfer of treasury stock, convert or cancellation, or conversion of employee share subscription warrant by issuance or conversion, and thus requires adjustment to the percentage of dividends distributable in cash, the Chairman is fully authorized to handle such matters.

Report No. 6

Report on Cash Distribution from Capital Reserve

Explanation:

1. Pursuant to Article 20 of the Company's Articles of Incorporation, the Board is authorized distribute all or part of the capital reserve, by adopting special resolution, in cash, and report to the shareholders' meeting.

2. The Company will distribute cash from the capital reserve generated from the premium to the par value of the issued shares. As of December 31, 2021, the capital reserve entered in books is NT\$970,592,609, and NT\$31,338,115 will be distributed in cash based on the shareholding proportion of each shareholder (or NT\$0.5 per share). The distribution is up to NT\$1, and rounded off under NT\$1. The fractions under NT\$1 will be included in the Company's other income, and the chairman is authorized to determine the distribution base date and payment date.
3. If the number of shares participating in the distribution is affected by the Company's buying back, transfer of treasury stock, convert or cancellation, or conversion of employee share subscription warrant by issuance or conversion, and thus requires adjustment to the percentage of dividends distributable in cash, the Chairman is fully authorized to handle such matters.

[Acknowledgment]

Proposal No.1

(Proposed by the Board of Directors)

Adoption of the 2021 Business Report and Financial Statements

Explanation:

1. The Company's 2021 financial statements and business report have been approved by the Board. The financial statements have been audited by CPAs Cheng-Chien Chen and Sheng-Ho Yu of KPMG, and audit reports have been made accordingly.
2. The 2021 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Handbook as Appendix 1, 3 and 4.

Resolutions:

Proposal No.2

(Proposed by the Board of Directors)

Adoption of the Proposal for Distribution of 2021 Earnings

Explanation:

1. 2021 net profit of NT\$ 606,688,596 deduct the legal reserve of NT\$ 60,668,860 appropriated and plus the special reserve reversal of NT\$ 34,483,067, and the beginning undistributed earnings was NT\$ 1,625,031,414, the distributable retained earnings is calculated to NT\$ 2,136,568,083. Proposed cash dividend for shareholders NT\$532,747,947 ,NT\$8.5 per share.(Calculated based on the number of circulating shares on 2022/4/28)
2. The 2021 Earnings Distribution Table is attached in the Meeting Handbook as Appendix 5.

Resolution:

[Discussion Items]

Proposal No.1

(Proposed by the Board of Directors)

Amendment to the “Articles of Incorporation”

Explanation:

1. To enable a more flexible method to convene shareholders’ meeting, pursuant to Paragraph 1, Article 172-2 of the Company Act and Paragraph 3, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company may explicitly provide for in its Articles of Incorporation that its shareholders’ meeting can be held by means of visual communication network or other methods promulgated by MOEA. Therefore some provisions in the Articles of Incorporation are amended and added for compliance.
2. The Comparison Table Before and After Amendment to the “Articles of Incorporation” attached in the Meeting Handbook as Appendix 6.

Resolution:

Proposal No.2

(Proposed by the Board of Directors)

Amendment to the “Rules and Procedures of Meetings of Shareholders”

Explanation:

1. According the March 8, 2022 Letter No. Taiwan-Stock-Governance-11100042501 to amended the “Rules and Procedures of Meetings of Shareholders”.
2. The Comparison Table Before and After Amendment to the “Rules and Procedures of Meetings of Shareholders” attached in the Meeting Handbook as Appendix 7.

Resolution:

Proposal No.3

(Proposed by the Board of Directors)

Amendment to the “Procedures for Acquisition or Disposal of Assets”

Explanation:

1. According the January 28, 2022 Letter No. Financial-Supervisory-Securities-Corporate-1110380465 to amended the “Procedures for Acquisition or Disposal of Assets”.
2. The Comparison Table Before and After Amendment to the “Procedures for Acquisition or Disposal of Assets” attached in the Meeting Handbook as Appendix 8.

Resolution:

Proposal No.4

(Proposed by the Board of Directors)

Proposal to issue Restricted Stock Awards for employees

Explanation:

1. To attract and retain the professional talents required by the Company, while motivating employees, and improving their loyalty, for the purpose of creating the benefits of the Company and the shareholders together, the restricted stocks for employees are issued pursuant to Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (hereafter “the Regulations”).
2. The restricted stocks for employees intended to be issued for the batch will be applied for issuance within one year from the date the resolution is adopted by the shareholders’ meeting at once or in several times, and issued at once or in several times within one year from the date the Financial Supervisory Commission’s (hereafter “the competent authority”) notice of effected application. The chairman is authorized by the board of directors to determine the actual issuance date.
3. The restricted stocks for employees intended to be issued for the batch are described as following:
 - (1) The total issuance shares of the restricted stocks for employees are 400,000 shares at par value NT\$10, for total NT\$4,000,000.
 - (2) Issuance price: issued at NT\$0 per share, i.e. issued to the employee free from cash considerations.
 - (3) Type of the issued shares: the Company’s new common shares.
 - (4) Vesting conditions:
 1. From the date the employees are granted the restricted stocks for employees, these employees are in service at the expiry of each of the following vesting period, and the personal working performances achieve the performance criteria prescribed by the Company (i.e at each expiry of the vesting period, the latest annual performance appraisal is grade A or higher. If not in service, it is deemed failed to achieve), and the employees have not violate the Company’s labor agreement or working rules. The shareholding percentage at each vesting period is described below :
 - Two full year services since being granted: 50% of the granted shares.
 - Three full year services since being granted: 25% of the granted shares.
 - Four full year services since being granted: 25% of the granted shares.
 2. Where an employee fails to achieve the vesting conditions, or any inheritance occurs, the handling methods: for these who fail to achieve the vesting conditions, the Company will retrieve the shares without compensation and cancel the shares. For other circumstance, the issuance procedures shall be complied with.
 - (5) Qualifications of employees and shares granted.
 1. The eligible employees are limited to the full-time employees included in the Company’s official headcounts, and the full-time employees included in the overseas and domestic subsidiaries in which the Company owns 50% or more shares with voting rights, directly or indirectly, on the date granting the restricted stocks for employees.
 2. The quantity of the restricted stocks for employees actually granted to and grantable, will be determined by the chairman, by considering the seniority, job level, working

performance, overall contributions, special achievement, or other conditions regarding management, and reported to the board of directors for resolutions. Provided, the consent of the Remuneration Committee shall be obtained for the managerial officers and the directors serving as employees.

3. The sum of shares to be subscribed by one single employee for the employee stock warrants issued by the Company pursuant to Paragraph 1 of Article 56-1 of the Regulations, plus his/her cumulative restricted stocks for employees obtained, must not exceed 0.3% of total issued shares; if plus the accumulated shares to be subscribed by one single employee for the employee stock warrants issued by the Company pursuant to Paragraph 1 of Article 56-1 of the Regulations, the sum must not exceed 1% of the Company's total issued shares. However, if approved by each central competent authority of the target business as a special case, the sum of the employee stock warrants and restricted stocks for employees obtained by one single employee is not subject to the aforesaid restriction.
 - (6) The reason of the necessity to issue the restricted stocks for employees: to attract and retain the professional talents required by the Company, while motivating employees, and improving their loyalty, for the purpose of creating the benefits of the Company and the shareholders together
 - (7) Amount expensible: based on the average closing price during March 2022 of the Company's common shares, NT\$88.54, the expected expensible amount is approximately NT\$35,416 thousand. Estimated based on the defined vesting period and vesting conditions, the annual expensible amount from 2022 to 2026 is NT\$5,841 thousand; NT\$14,019 thousand; NT\$10,330 thousand; NT\$3,935 thousand; and NT\$1,291 thousand.
 - (8) Dilution of the Company's earnings per share and other effects on shareholders' equity: based on the outstanding shares in March 2022, 62,676,229 shares, it is estimated that the possible decreased amount of EPS, from 2022 to 2026 is NT\$0.09; NT\$0.22; NT\$0.16; NT\$0.06; NT\$0.02. The dilution of the Company's EPS is deemed limited, and thus no significant effects on shareholders' equity.
4. Please refer to Appendix 9 for the Procedures for Issuing of 2022 Restricted Stock Awards for Employees.

Resolution:

[Election Items]

Proposal No.1

(Proposed by the Board of Directors)

Election of nine directors (including three independent directors)

Explanation:

1. The term of the directors of the 14th Term expires on June 17, 2022; per the Articles of Incorporation, the re-election shall be requested to the shareholders' meeting.
2. According to the Articles of Incorporation, nine directors (including three independent directors) shall be elected, The term of office for the new independent directors and directors is from June 15, 2022 to June 14, 2025, for three years.
3. Election of independent directors was done applying the nomination system. They were elected from the list of independent directors during the shareholders' meeting. Independent and non-independent directors were elected together but the votes were counted separately.
4. The list of the company's Directors candidates (including independent directors) has been reviewed and approved at the meeting of the Board of Directors. Please refer to Appendix 10 of the handbook.
5. Please refer to Appendix 14 of the handbook for the Methods for Election of Directors.

Resolution:

[Other Items]

Proposal No.1

(Proposed by the Board of Directors)

Exemption of the limitation of non-competition on the directors of the Company

Explanation:

1. Pursuant to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. “
2. Where the new directors after the re-election (if a corporate shareholder is elected as a director, including the corporate shareholder and the representative appointed) invest or operate other companies with identical or similar business scope as the Company and serving as directors, with the premise that the Company’s interest is not damaged, it is requested, pursuant to laws, to the shareholder meeting, to release the new directors (if a corporate shareholder is elected as a director, including the corporate shareholder and the representative appointed) from the non-compete restrictions.
- 3 The position details of directors (including independent directors) who hold positions with other companies are attached in the Meeting Handbook as Appendix 11

Resolution:

[Extemporary Motions]

[Adjournment]

Nishoku Technology Inc. 2021 Business Report

1. The 2021 Business result:

(1) Performance Of Business Plan

At the beginning of 2021, the global economy recovered strongly with the eased pandemic and low base effect. However, the global supply chains became tight consequently, and the prices of raw materials rose, resulting in the surging global inflation in the latter half of the year, and thus accelerating the interest rate hikes in various countries to tighten the monetary policy. Such will results in squeezed economic growth, and uncertainties in the financial markets.

The Company's consolidated operating revenue in 2021 is NT\$4.892 billion. Due to the slowed pandemic demands and material shortage at the customers' supply chains, the sales amount remained virtually similar to the previous year; provided, due to the weights of each product changed, the full year margin is lower than the previous year, as 28%. Although affected by the exchange loss, the EPS after tax in 2021 still remained high at NT\$9.70, the second-highest since the public listing.

Unit: NT\$ thousand

Item \ Year	2021	2020	Percentage of change (%)
Net operating income	4,829,110	4,808,261	0%
Operating cost	3,464,092	3,268,381	6%
Gross profit	1,365,018	1,539,880	(11%)
Operating profit	889,582	1,069,052	(17%)
Non-Operating Income	(64,788)	(194,495)	67%
Profit before tax	824,794	874,557	(6%)
Profit after tax	606,688	721,362	(16%)

Gross profit (%)	28%	32%	
Operating profit (%)	18%	22%	

(2) Status of Budget Execution

Not available as Nishoku Technology Inc. had not declared 2021 financial forecast.

(3) Financial Receipt and Expenditure, and Profitability Analysis

Items of analysis		2021	2020
Financial Structure & Solvency	Current ratio (%)	212.47	252.34
	Quick ratio (%)	193.41	227.87
	Interest coverage ratio	37.83	42.75
	Debt to assets ratio (%)	51.46	48.28

Profitability	ROA (%)	28.21	9.00
	Return on shareholders' equity (%)	54.70	17.17
	Income before tax as a percentage of paid-in capital (%)	131.61	140.05
	Net profit rate (%)	12.56	15.00
	After tax EPS (NTD)	9.70	11.57

(4) Status of R&D

Besides discussing with the end customers about the design in aim to grasp the opportunities, the Company also has been dedicating itself in studying the key technologies and production capabilities. With the coupling of existing mature technologies, the Company has extended the technology to multiple compound production process and continued to develop new production processes. For example, the waterproof TPR materials, electronic parts such as FPC flexible board, IMR laser spraying production technologies. The technologies not only provides customers with diverse and refined choices, but also become the core for saving post processing costs and creating profits.

2. 2022 Business Prospects

(1) Business strategy

1. Introduce the environmentally friendly processes and use environmentally friendly materials to improve the Company's competitiveness as a green industry.
2. Accelerate the expansion of the Vietnamese market development and production scale to achieve synergy in the production economy.
3. Proactively cultivate and recruit talents, optimize the performance reward system and enhance the completeness of key talents to enhance competitiveness.
4. Continue to optimize the product portfolio, effectively implement cost control, and pursue the maximization of shareholders' equity.

(2) Forecast of Sales Quantity and Its Basis

The Company took into the account the the overall external environmental changes and future developments in the estimation of future sales volume, based on which, the Company formulates with reference to past business operation, Company's current status and future development trend. As the Company does not disclose its 2021 financial forecast, the estimated sales volume shall not be disclosed.

(3) Policies on Production and Marketing

1. Continue to improve production process capability and yield, improve operating efficiency, and enhance cost control.
2. Actively develop new market applications, expand product width, and maintain the market competitiveness.
3. Continue to expand global product lines and sales regions to reduce the operational risk of excessively concentrated product development.

3. Future Developing Strategies of Company

In face of the rapid changes and challenges of the domestic and international environment, the future development strategies are as follows:

1. To respond to the reorganization of the global supply chain, the production base in Vietnam has been expanded, to meet the order shifting demands.
2. Improve industrial green technology, we are expected to add water-based spraying process, and solidify the core competitiveness of enterprises.
3. We will accelerate the development of various automated processes to improve efficiency and streamline manpower.
4. We will take an proactive approach in the development of new market application areas and further research on the compound process. We will seek the integration of the midstream and downstream industry chains to create comprehensive benefits.

4. Impacts of the external competitive environment, regulatory environment, and the overall business environment

Looking to 2022, the impact from the pandemic to the physical economy will fade out gradually, and the global economy is expected to recover continuously. Provided, various countries are expected to taper debt purchase, unwind the balance sheet and raise interest rate for mitigating the inflation pressure. This will slow down the pace of recovery, and result in more uncertainties in the financial markets. The Company continues to commit to the integration of group resources and

organizations to improve internal efficiency and strengthen risk management to meet future challenges with a stable operating robustness. Moreover, the Company lay emphasis on the dynamics of the external competitive environment to respond to changes in the market environment and fully grasp the changes in relevant regulations. We stay prepared and take appropriate response measures to reduce the operational risks of future industry and overall environmental changes.

Nishoku Technology Inc.

Chairman	Chen, Piao-Fu
General Manager	Tsai, Chien-Sheng
Accounting Head	Lin, Tzu-Hsuan

Audit Committee's Review Report

Date: April 28, 2022

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit the Company's Individual and Consolidated Financial Statements and has issued an unqualified opinion. The aforementioned Business Report, Financial Statements, and proposal for allocation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Article 14-4 Exchange Act and the Article 219 of Company Act., we hereby submit this report.

Sincerely,

The 2022 Annual Meeting of Shareholders

Nishoku Technology Inc.

Convener of the Audit Committee: Chan, Chin-Hung

Independent Auditors' Report and 2021 Financial Statements



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KPMG

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Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 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 Certification 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company' s financial statements are stated as follows:

Investments accounted for using equity method

Please refer to Note 4(h) “Investments in subsidiaries” and Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” of the financial statements.

Description of key audit matter

The Company' s investments accounted for using equity method are all subsidiaries of the Company. Based on the scope and nature of their businesses which may influence the outcome of their operations, the impairment assessment of accounts receivable, and net realizable value of inventories in certain subsidiaries required the Managements to make subjective judgments, which is the major source of estimation uncertainty. Therefore, the impairment assessment of accounts receivable, and valuation of inventories of the investments accounted for using equity method are the key audit matters for our audit.

How the matter was addressed in our audit :

Our principal audit procedures on the impairment assessment of accounts receivable of the investments accounted for using equity method included assessing whether the impairment of accounts receivable has been set aside in accordance with the Company' s policy, including inquiring from the Management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable. With respect to the evaluation of inventories, our principal audit procedures included: to understand whether the accounting policy for inventory evaluation is consistency with the Company; examine the accuracy of the aging of inventories by sampling and analyse the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

Notes to Readers

The accompanying 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 only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying 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 only financial statements, the Chinese version shall prevail.

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

NISHOKU TECHNOLOGY INC.**Statements of Comprehensive Income****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)**

		2021		2020	
		Amount	%	Amount	%
4110	Sales revenue (notes 6(r) and 7)	\$ 1,294,292	101	869,936	100
4170	Less: Sales returns	8,811	1	736	-
	Net Operating revenues	1,285,481	100	869,200	100
5000	Operating costs (notes 6(d), (g), (m), 7 and 12)	883,916	69	590,028	68
5910	Less: Unrealized profit from sales	19,718	2	43,843	5
	Gross profit from operations	381,847	29	235,329	27
6000	Operating expenses (notes 6(c), (g), (m), (p) and 12)				
6100	Selling expenses	7,109	1	7,147	1
6200	Administrative expenses	139,613	11	123,665	14
6300	Research and development expenses	10,843	1	9,559	1
6450	Expected credit loss	106	-	401	-
		157,671	13	140,772	16
	Net operating loss	224,176	16	94,557	11
	Non-operating income and expenses:				
7010	Other income (note 6(t))	13,589	1	14,427	2
7020	Other gains and losses, net (note 6(u))	(66,405)	(5)	(75,308)	(9)
7050	Finance costs, net	(20,347)	(2)	(16,649)	(2)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	593,749	46	767,513	88
	Total non-operating income and expenses	520,586	40	689,983	79
7900	Profit before tax	744,762	56	784,540	90
7950	Less: Income tax expenses (note 6(n))	138,074	11	63,178	7
	Profit	606,688	45	721,362	83
8300	Other comprehensive income (loss):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(43,104)	(3)	34,198	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(n))	8,621	(1)	(6,840)	(1)
8300	Other comprehensive income (after tax)	(34,483)	(2)	27,358	3
8500	Total comprehensive income	<u>\$ 572,205</u>	<u>43</u>	<u>748,720</u>	<u>86</u>
9750	Basic earnings per share (NT dollars) (note 6(q))	<u>\$ 9.70</u>		<u>11.57</u>	
9850	Diluted earnings per share (NT dollars) (note 6(q))	<u>\$ 9.64</u>		<u>11.51</u>	

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

NISHOKU TECHNOLOGY INC.**Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings			Other equity		
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2020	\$ 622,962	–	959,124	504,367	199,839	1,994,985	(337,817)	3,943,460
Profit for the year ended December 31, 2020	–	–	–	–	–	721,362	–	721,362
Other comprehensive income for the year ended December 31, 2020	–	–	–	–	–	–	27,358	27,358
Total comprehensive income for the year ended December 31, 2020	–	–	–	–	–	721,362	27,358	748,720
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	–	–	–	33,762	–	(33,762)	–	–
Special reserve appropriated	–	–	–	–	137,978	(137,978)	–	–
Cash dividends of ordinary share	–	–	–	–	–	(249,185)	–	(249,185)
Stock option compensation cost	–	–	1,283	–	–	–	–	1,283
Issuance of shares exercise of employee stock option	1,500	2,993	8,475	–	–	–	–	12,968
Balance at December 31, 2020	624,462	2,993	968,882	538,129	337,817	2,295,422	(310,459)	4,457,246
Profit for the year ended December 31, 2021	–	–	–	–	–	606,688	–	606,688
Other comprehensive income for the year ended December 31, 2021	–	–	–	–	–	–	(34,483)	(34,483)
Total comprehensive income for the year ended December 31, 2021	–	–	–	–	–	606,688	(34,483)	572,205
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	–	–	–	72,136	–	(72,136)	–	–
Reversal of special reserve	–	–	–	–	(27,358)	27,358	–	–
Cash dividends of ordinary share	–	–	–	–	–	(625,612)	–	(625,612)
Stock option compensation cost	–	–	429	–	–	–	–	429
Issuance of shares exercise of employee stock option	2,250	(2,993)	12,174	–	–	–	–	11,431
Balance at December 31, 2021	\$ 626,712	–	981,485	610,265	310,459	2,231,720	(344,942)	4,415,699

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 744,762	784,540
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	8,770	12,534
Expected credit loss	106	401
Interest expense	20,347	16,649
Net loss (gain) on financial assets at fair value through profit or loss	3,493	(2,940)
Interest income	(10,202)	(11,113)
Stock option compensation cost	429	1,283
Share of profit of subsidiaries accounted for using equity method	(593,749)	(767,513)
Gain on disposal of property, plant and equipment	(12)	-
Unrealized profit from sales	19,718	43,843
Recognition losses on (reversal of) inventory valuation and obsolescence	(504)	564
Total adjustments to reconcile profit (loss)	(551,604)	(706,292)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(4,193)	(28,490)
Notes and accounts receivables (including related parties)	36,605	(272,398)
Inventories	9,913	(28,933)
Other current assets and other financial assets	4,547	(15,971)
	46,872	(345,792)
Changes in operating liabilities:		
Notes and accounts payables (including related parties)	(17,823)	116,330
Other current liabilities	(7,377)	36,376
	(25,200)	152,706
Total changes in operating assets and liabilities	21,672	(193,086)
Total adjustments	(529,932)	(899,378)
Cash inflow (outflow) generated from operations	214,830	(114,838)
Interest received	10,098	12,974
Interest paid	(20,336)	(16,602)
Income taxes paid	(74,608)	(120,166)
Net cash flows from (used in) operating activities	129,984	(238,632)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(139,106)	(1,124,961)
Acquisition of Non-Current financial assets at fair value through profit or loss	(79,436)	(123,633)
Proceeds from disposal of financial assets at fair value through profit or loss	4,321	-
Acquisition of investments accounted for using equity method	-	(241,120)
Cash dividends from investments accounted for using equity method	488,012	1,505,266
Acquisition of property, plant and equipment	(7,501)	(188)
Proceeds from disposal of property, plant and equipment	12	-
Increase in other receivables due from related parties	(14,515)	(227,840)
Increase in other non-current assets	(1,153)	(722)
Net cash flows from (used in) investing activities	250,634	(213,198)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	710,000	280,000
Increase (decrease) in short-term notes and bills payable	100,000	(150,000)
Proceeds from (repayments of) long-term borrowings	(50,000)	200,000
Payment of lease liabilities	(2,873)	(3,487)
Cash dividends paid	(625,612)	(249,185)
Exercise of employee share options	11,431	12,968
Net cash flows from financing activities	142,946	90,296
Net increase (decrease) in cash and cash equivalents	523,564	(361,534)
Cash and cash equivalents at beginning of period	455,105	816,639
Cash and cash equivalents at end of period	\$ 978,669	455,105

Independent Auditors' Report and 2021 Consolidated Financial Statements



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Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

Opinion

We have audited the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and 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 at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group' s financial statements are stated as follows:

1. Impairment of accounts receivable

Please refer to Note 4(g) "Financial instruments" Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Description of key audit matter:

The Group engages in business primarily with clients which are involved in the manufacture of mold and electronic parts with credit term, which make the Group vulnerable to credit risk. The default of the client may lead to impairment loss of the receivables. The assessment of impairment loss involves subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing whether the Group's impairment of accounts receivable has been set aside in accordance with the Group's policy, including inquiring from the management if they had identified the debtors who have financial difficulties; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable.

2. Impairment of inventory

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

Description of key audit matter:

Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the design, manufacture, and sale of mold and electronic parts. As different series or models of electronic products are rapidly being replaced by new ones, it may impact the inventory of the older ones to be slow-moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. The assessment of impairment loss requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the inventories valuation policies of the Group; inspecting whether those policies are applied; examine the accuracy of the aging of inventories by sampling and analyse the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

Other Matter

The Nishoku Technology Inc. has additionally 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.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

Notes to Readers

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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.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)**

		2021		2020	
		Amount	%	Amount	%
4110	Operating revenues (note 6(q))	\$ 4,914,583	102	4,883,877	102
4170	Less: Sales returns and allowances	85,473	2	75,616	2
	Net Operating revenues	4,829,110	100	4,808,261	100
5000	Operating costs (notes 6(d), (f), (g), (l) and 12)	3,464,092	72	3,268,381	68
	Gross profit from operations	1,365,018	28	1,539,880	32
6000	Operating expenses: (notes 6(c), (f), (g), (l), (o), (r) and 12)				
6100	Selling expenses	69,505	1	56,007	1
6200	Administrative expenses	310,111	7	327,149	7
6300	Research and development expenses	95,753	2	87,074	2
6450	Expected credit loss	67	-	598	-
		475,436	10	470,828	10
	Net operating income	889,582	18	1,069,052	22
	Non-operating income and expenses:				
7010	Other income (note 6(s))	74,087	2	81,677	2
7020	Other gains and losses, net (note 6(t))	(116,480)	(2)	(255,224)	(5)
7050	Finance costs, net (note 6(k))	(22,395)	-	(20,948)	-
	Total non-operating income and expenses	(64,788)	-	(194,495)	(3)
7900	Profit before tax	824,794	18	874,557	19
7950	Less: Income tax expenses (note 6(m))	218,106	5	153,195	3
	Profit	606,688	13	721,362	16
8300	Other comprehensive income (loss):				
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(43,104)	(1)	34,198	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	8,621	-	(6,840)	-
8300	Other comprehensive income (after tax)	(34,483)	(1)	27,358	1
8500	Total comprehensive income	\$ 572,205	12	748,720	17
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 606,688	13	721,362	16
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 572,205	12	748,720	17
9750	Basic earnings per share (NT dollars) (note 6(p))	\$ 9.70		11.57	
9850	Diluted earnings per share (NT dollars) (note 6(p))	\$ 9.64		11.51	

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

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Total equity attributable to owners of parent	Total equity
	Share capital			Retained earnings			Total other equity		
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2020	\$ 622,962	–	959,124	504,367	199,839	1,994,985	(337,817)	3,943,460	3,943,460
Profit for the year ended December 31, 2020	–	–	–	–	–	721,362	–	721,362	721,362
Other comprehensive income for the year ended December 31, 2020	–	–	–	–	–	–	27,358	27,358	27,358
Total comprehensive income for the year ended December 31, 2020	–	–	–	–	–	721,362	27,358	748,720	748,720
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	–	–	–	33,762	–	(33,762)	–	–	–
Special reserve appropriated	–	–	–	–	137,978	(137,978)	–	–	–
Cash dividends of ordinary share	–	–	–	–	–	(249,185)	–	(249,185)	(249,185)
Stock option compensation cost	–	–	1,283	–	–	–	–	1,283	1,283
Issuance of shares exercise of employee stock option	1,500	2,993	8,475	–	–	–	–	12,968	12,968
Balance at December 31, 2020	624,462	2,993	968,882	538,129	337,817	2,295,422	(310,459)	4,457,246	4,457,246
Profit for the year ended December 31, 2021	–	–	–	–	–	606,688	–	606,688	606,688
Other comprehensive income for the year ended December 31, 2021	–	–	–	–	–	–	(34,483)	(34,483)	(34,483)
Total comprehensive income for the year ended December 31, 2021	–	–	–	–	–	606,688	(34,483)	572,205	572,205
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	–	–	–	72,136	–	(72,136)	–	–	–
Reversal of special reserve	–	–	–	–	(27,358)	27,358	–	–	–
Cash dividends of preferred share	–	–	–	–	–	(625,612)	–	(625,612)	(625,612)
Stock option compensation cost	–	–	429	–	–	–	–	429	429
Issuance of shares exercise of employee stock option	2,250	(2,993)	12,174	–	–	–	–	11,431	11,431
Balance at December 31, 2021	\$ 626,712	–	981,485	610,265	310,459	2,231,720	(344,942)	4,415,699	4,415,699

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 824,794	874,557
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	243,881	277,032
Expected credit loss	67	598
Interest expense	22,395	20,948
Interest income	(54,712)	(63,921)
Stock option compensation cost	429	1,283
Net loss (gain) on financial assets at fair value through profit or loss	3,281	(3,584)
Gain on disposal of property, plant and equipment	(7,514)	(3,653)
Recognition losses on (reversal of) inventory valuation and obsolescence	(22,114)	2,648
Others	403	1,336
Total adjustments to reconcile profit	186,116	232,687
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit and loss	562,590	(215,535)
Notes and accounts receivables	464,590	(421,910)
Inventories	25,317	(50,094)
Other current assets and financial assets	8,509	(8,381)
	1,061,006	(695,920)
Changes in operating liabilities:		
Notes and accounts payables	(211,920)	196,050
Other current liabilities	(63,897)	70,622
	(275,817)	266,672
Total adjustments	971,305	(196,561)
Cash inflow generated from operations	1,796,099	677,996
Interest received	54,609	65,891
Interest paid	(21,770)	(20,922)
Income taxes paid	(176,997)	(186,451)
Net cash flows from operating activities	1,651,941	536,514
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(137,506)	(1,181,921)
Acquisition of financial assets at fair value through profit or loss	(79,436)	(123,633)
Proceeds from disposal of financial assets at fair value through profit or loss	4,321	-
Acquisition of property, plant and equipment	(215,378)	(103,953)
Proceeds from disposal of property, plant and equipment	23,927	9,138
Decrease in refundable deposits	2,724	10,391
Increase in other financial assets	(7,562)	(2,274)
Net cash flows used in investing activities	(408,910)	(1,392,252)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	748,840	164,130
Increase (decrease) in short-term notes and bills payable	100,000	(150,000)
Proceeds from (repayments of) long-term borrowings	(50,000)	200,000
Increase in guarantee deposits received	2,490	146
Payments of lease liabilities	(39,697)	(57,064)
Cash dividends paid	(625,612)	(249,185)
Exercise of employee share options	11,431	12,968
Net cash flows from (used in) financing activities	147,452	(79,005)
Effect of exchange rate changes on cash and cash equivalents	(17,700)	21,594
Net increase (decrease) in cash and cash equivalents	1,372,783	(913,149)
Cash and cash equivalents at beginning of period	2,626,650	3,539,799
Cash and cash equivalents at end of period	\$ 3,999,433	2,626,650

Nishoku Technology Inc.

2021 Earnings Distribution Table

Unit: NTD

Item	Amount
Beginning retained earnings	1,625,031,414
Add: Current year net income after tax	606,688,596
Less: Legal reserve	(60,668,860)
Less: Special reserve reversal	(34,483,067)
Earnings to be allocated	2,136,568,083
Total Distribution :	
Cash dividend to shareholders (NT\$ 8.5/ share)	(532,747,947)
Closing undistributed earnings	1,603,820,136

Chairman: Chen, Piao-Fu

General Manager: Tsai, Chien-Sheng

Accounting Head: Lin, Tzu-Hsuan

Comparison Table for the” Articles of Incorporation ” Before and After Revision

After revision	Before revision	Notes
<u>Article 9-1</u> <u>The shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>		The article is added pursuant to the current laws °
Article 22 This article was made on May 20, 1980. 1st revision was made on Nov. 10, 1983. 2nd revision was made on Jun. 15, 1984. 3rd revision was made on Aug. 12, 1987. 4th revision was made on Jun. 9, 1988. 5th revision was made on Mar. 14, 2000. 6th revision was made on Nov. 18, 2002. 7th revision was made on Jun. 30, 2007. 8th revision was made on Jan. 18, 2008. 9th revision was made on Mar. 19, 2008. 10th revision was made on Dec. 26, 2008. 11th revision was made on Jun. 30, 2010. 12th revision was made on Jun. 24, 2011. 13th revision was made on Jun. 15, 2012. 14th revision was made on Jun. 15, 2012. 15th revision was made on Jun. 14, 2013. 16th revision was made on Jun. 7, 2016. 17th revision was made on Jun. 14, 2017. 18th revision was made on Jun. 18, 2019. 19th revision was made on Jun. 16, 2020. <u>20th revision was made on Jun. 15, 2022.</u>	Article 22 This article was made on May 20, 1980. 1st revision was made on Nov. 10, 1983. 2nd revision was made on Jun. 15, 1984. 3rd revision was made on Aug. 12, 1987. 4th revision was made on Jun. 9, 1988. 5th revision was made on Mar. 14, 2000. 6th revision was made on Nov. 18, 2002. 7th revision was made on Jun. 30, 2007. 8th revision was made on Jan. 18, 2008. 9th revision was made on Mar. 19, 2008. 10th revision was made on Dec. 26, 2008. 11th revision was made on Jun. 30, 2010. 12th revision was made on Jun. 24, 2011. 13th revision was made on Jun. 15, 2012. 14th revision was made on Jun. 15, 2012. 15th revision was made on Jun. 14, 2013. 16th revision was made on Jun. 7, 2016. 17th revision was made on Jun. 14, 2017. 18th revision was made on Jun. 18, 2019. 19th revision was made on Jun. 16, 2020.	Added no. and date of amendment

Comparison Table for the” Rules and Procedures of Meetings of Shareholders” Before and After Revision

After revision	Before revision	Notes
<p><u>Article 1</u> For the purposes of setting up a favorable governing system for corporate shareholders meetings, strengthening supervising function, and reinforcing managerial function, this measure is made in accordance with Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for our compliance.</p> <p><u>Article 2</u> Except for other stipulations by laws or rules, the measure for shareholders meetings of the company shall be executed in accordance with this measure.</p>	<p>I.—Purpose For the purposes of setting up a favorable governing system for corporate shareholders meetings, strengthening supervising function, and reinforcing managerial function, this measure is made in accordance with Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for our compliance.</p> <p>H.—Scope Except for other stipulations by laws or rules, the measure for shareholders meetings of the company shall be executed in accordance with this measure.</p> <p>III.—Definition None.</p> <p>IV.—Responsibilities The Board: Convene shareholders meetings.</p>	To be aligned to the numbering approach in the current laws and regulations, “I.” is amended as “Article 1,” and the numbering hereafter follows the same principles.
<p><u>Article 3</u> The Company’s shareholders meeting shall, unless otherwise provided for in laws or regulations, be convened by the Board of Directors.</p> <p><u>Any change to the convention method of the Company’s shareholders’ meetings shall be resolved by the board of directors, and no later than mailing the shareholders meeting notice.</u> The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days prior to the date of a regular shareholders meeting or 15 days prior to the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental</p>	<p>V.—Operation Content 1. The Company’s shareholders meeting shall, unless otherwise provided for in laws or regulations, be convened by the Board of Directors.</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days prior to the date of a regular shareholders meeting or 15 days prior to the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days prior the date of the regular shareholders meeting or 15 days</p>	Pursuant to the existing laws and regulations, partial amendment is made

After revision	Before revision	Notes
<p>meeting materials and upload them to the MOPS 21 days prior the date of the regular shareholders meeting or 15 days prior to the date of the special shareholders meeting. <u>However, in the case of the Company with paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held.</u> In addition, 15 days before the date of the shareholders meeting, the Company shall also prepare the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated.</p> <p><u>For the agenda handbooks and supplementary information in the preceding paragraph, The Company shall furnish to the shareholders for reference on the date of the shareholders' meeting in the following manners:</u></p> <p><u>I. For the physical shareholders' meeting, such information shall be distributed at the site of the meeting.</u></p> <p><u>II. For the video-assisted shareholders' meeting, such information shall be distributed at the site of the meeting, and transmitted to the video conference platform.</u></p> <p><u>III. Where a shareholders' meeting is convened in the manner of video conference, such information shall be transmitted to the video conference platform as the electronic files.</u></p>	<p>prior to the date of the special shareholders meeting.</p> <p>In addition, 15 days before the date of the shareholders meeting, the Company shall also prepare the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p> <p>(Paragraph 3~6 omitted)</p> <p>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p> <p>(Below Omitted)</p>	

After revision	Before revision	Notes
<p>(Paragraph 3~6 omitted)</p> <p>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or electronically, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p> <p>(Below Omitted)</p>		
<p><u>Article 4</u></p> <p>A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by providing the proxy form issued by the Company stating therein the scope of power authorized to the proxy.</p> <p>A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail. Unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.</p> <p>After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company within two days before the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.</p> <p><u>After a proxy form has been delivered</u></p>	<p><u>V. — Operation Content</u></p> <p><u>2.</u> A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by providing the proxy form issued by the Company stating therein the scope of power authorized to the proxy.</p> <p>A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail. Unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.</p> <p>After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company within two days before the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
<p><u>to the Company, if the shareholder intends to attend in the manner of video conference, a written notice of proxy cancellation should be submitted to the Company 2 days before the meeting. If the cancellation notice is submitted after that time, the exercise of voting right by the proxy in the meeting shall prevail.</u></p>		
<p><u>Article 5</u> <u>(Principles determining the time and place of a shareholders meeting)</u> The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting. <u>When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph does not apply.</u></p>	<p><u>V. — Operation Content</u> 3. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>
<p><u>Article 6</u> <u>(Preparation of documents such as the attendance book)</u> The Company shall specify in its shareholders, <u>proxy solicitors, proxy agents (“shareholders” hereafter)</u> meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations; <u>the time during which shareholder attendance registrations will be accepted at the video conference</u></p>	<p><u>V. — Operation Content</u> 4. The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders and their proxies</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
<p><u>platform shall be at least 30 minutes prior to the time the meeting commences. The shareholders accepted are deemed attend the shareholders' meeting in person.</u></p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of of video conference shall register with the Company at least two day prior to the meeting date.</u></p> <p><u>Where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting, and retain the disclosure of such until the meeting</u></p>	<p>(collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	

After revision	Before revision	Notes
<p><u>ends.</u></p> <p><u>Article 6-1</u> <u>(Matters to be specified in notice when the video shareholders' meetings are convened)</u> <u>Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:</u> <u>I. The method for shareholders to attend the video conference and exercise of their rights.</u> <u>II. The handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents, and the follows shall be at least included:</u> <u>(I) Time and date for the postponement or re-convention when the aforesaid continual failure that cannot be eliminated and thus a postponement or re-convention is required.</u> <u>(II) The shareholders have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.</u> <u>(III) Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued, if the total attending shares still meet the statutory quorum for shareholders' meeting commencement after deducting these shares held by the shares attending the meeting via video conference, the meeting shall continue; the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.</u> <u>(IV) The handling method where the results of all proposal are announced but the extempore motions are not proceeded.</u> <u>III. Where the Company convenes the</u></p>		<p>Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
<u>video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified.</u>		
<u>Article 7</u> <u>(The chair and non-voting participants of a shareholders meeting)</u> If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. (Below Omitted)	<u>V. — Operation Content</u> <u>5.</u> If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. (Below Omitted)	Numbering approach of articles is amended
<u>Article 8</u> <u>(Documentation of a shareholders meeting by audio or video)</u> This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. <u>Where the Company convenes the video shareholders' meetings, the Company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video.</u> <u>The records and audio- and video recordings in the preceding paragraphs shall be properly retained</u>	<u>V. — Operation Content</u> <u>6.</u> This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.	1. Numbering approach of articles is amended 2. Pursuant to the existing laws and regulations, partial amendment is made

After revision	Before revision	Notes
<p><u>during the Company's survival period, and the audio- and video recordings are provided to the organizer of the video conference for custody.</u></p>		
<p><u>Article 9</u></p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>shares registered at the video conference platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time, and shall also announce information related to the number of shares having no voting rights and the number of shares represented by the attending shareholders. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned; <u>where the Company convenes the video shareholders' meetings, the Company shall announce the meeting adjournment at the video conference platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month; <u>where the Company convenes the video</u></p>	<p><u>V. — Operation Content</u></p> <p>7. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time, and shall also announce information related to the number of shares having no voting rights and the number of shares represented by the attending shareholders. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the</p>	<p>1. Numbering approach of articles is amended</p> <p>2. Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
<p><u>shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register again with the Company per Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p><u>Article 10</u></p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant motions (including extemporaneous motions and changes in the original motions) shall be voted on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. (Below Omitted)</p>	<p>V. Operation Content</p> <p>8. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant motions (including extemporaneous motions and changes in the original motions) shall be voted on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. (Below Omitted)</p>	<p>Numbering approach of articles is amended</p>
<p><u>Article 11</u> <u>(Shareholder speech)</u></p> <p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have</p>	<p>V. Operation Content</p> <p>9. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the</p>	<p>1. Numbering approach of articles is amended</p> <p>2. Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
<p>sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where shareholders' meetings are convened in the manner of video conference, the shareholders attending in the manner of video conference may inquire with text at the video conference platform of the meeting since the chair announcing the meeting commencement till the adjournment. No more than two inquiries shall be raised for each proposal, and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.</u></p>	<p>chair and the shareholder that has the floor; the chair shall stop any violation. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	
<p><u>Article 12</u> <u>(Calculation of voting shares and recusal system)</u> Voting at a shareholders meeting shall be calculated based the number of shares. (Below Omitted)</p>	<p>V. Operation Content 10. Voting at a shareholders meeting shall be calculated based the number of shares. (Below Omitted)</p>	<p>Numbering approach of articles is amended</p>
<p><u>Article 13</u> A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. (Paragraph 2~3 omitted) After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person <u>or in the manner of video conference</u>, 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</p>	<p>V. Operation Content 11. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. (Paragraph 2~3 omitted) After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights that has already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days prior to the date of the shareholders meeting. In the absence of a timely</p>	<p>1. Numbering approach of articles is amended 2. Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
<p>two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights by correspondence or electronic means, and also by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>(Paragraph 5~8 omitted)</p> <p><u>Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference shall vote via the video conference platform to each proposal and election after the Chairman declares the meeting commencement. Such voting shall be completed before the Chairman declares the end of voting; anyone misses the deadline is deemed abstention.</u></p> <p><u>Where the Company convenes the video shareholders' meetings, the votes shall be calculated at once upon the end of voting declared by the chair, and announce the results of voting or elections.</u></p> <p><u>Where the Company convenes the video-assisted shareholders' meetings, the shareholders who already have registered to attend the meeting in the manner of video conference pursuant to the regulations, but then intend to attend the off-line shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline may only attend the shareholders' meeting in the manner of a video conference.</u></p> <p><u>These who exercise the vote in the manner of writing or electronic method, without withdrawing their</u></p>	<p>rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. When a shareholder has exercised voting rights by correspondence or electronic means, and also by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>(Paragraph 5~8 omitted)</p>	

After revision	Before revision	Notes
<u>expressions of intents, and attending the meeting in the manner of video conference, other than the extempore motions, must not exercise the votes to the original proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal, other than extempore motions.</u>		
<u>Article 14</u> The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected and the name of unelected directors as well as their number of votes received. (Below Omitted)	V. — Operation Content <u>12.</u> The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected and the name of unelected directors as well as their number of votes received. (Below Omitted)	Numbering approach of articles is amended
<u>Article 15</u> Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and voting results (including calculation of voting shares) of various meeting agendas. In cases of director elections, the number of voting shares of director candidates shall be revealed. These minutes must be retained for as long as the Company exists. <u>Where the Company convenes the video shareholders' meetings, other than the matters to be recorded as</u>	V. — Operation Content <u>13.</u> Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and voting results (including calculation of voting shares) of various meeting agendas. In cases of director elections, the number of voting shares of director candidates shall be revealed. These minutes must be retained for as long as the Company exists.	1. Numbering approach of articles is amended 2. Pursuant to the existing laws and regulations, partial amendment is made

After revision	Before revision	Notes
<p><u>required in the preceding paragraph, the starting and ending time of the shareholders' meeting, convention method of the meeting, names of the chair and record-keeper, and the handling method when the video conference platform or participation in the manner of video conference fails due to disasters, incidents or other force majeure, and the handling status shall be specified.</u></p> <p><u>Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference.</u></p>		
<p><u>Article 16</u> <u>(Public disclosure)</u> On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting; <u>where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting, and retain the disclosure of such until the meeting ends.</u> <u>Where the Company convenes the video shareholders' meetings, the total shares held by the shareholders attending the meeting shall be disclosed at the video conference platform. If the total shares and voting rights of the attending shareholders are counted during the meeting, the same applies.</u> If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or</p>	<p><u>V. — Operation Content</u> <u>14.</u> On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or</p>	<p>1. Numbering approach of articles is amended 2. Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Notes
regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.	regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.	
<u>Article 17</u> <u>(Maintaining order at the meeting place)</u> Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. (Below Omitted)	V. Operation Content <u>15.</u> Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. (Below Omitted)	Numbering approach of articles is amended
<u>Article 18</u> <u>(Recess and resumption of a shareholders meeting)</u> When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. (Below Omitted)	V. Operation Content <u>16.</u> When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. (Below Omitted)	Numbering approach of articles is amended
<u>Article 19</u> <u>(Information disclosure for video conference)</u> <u>Where the shareholders' meetings are convened in the manner of video conference, the Company shall disclose the voting result of each proposal and election results at the video conference platform for the shareholders' meeting, and retain the disclosure at least 15 minutes after the chair declares adjournment.</u>		Pursuant to the existing laws and regulations, partial amendment is made
<u>Article 20</u> <u>(Location of the chair and recorder-keeper of video shareholders' meetings)</u> <u>When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location within Taiwan. The chair shall announce the address of this location.</u>		Pursuant to the existing laws and regulations, partial amendment is made
<u>Article 21</u> <u>(Handling communication interruption)</u> <u>Where the shareholders' meeting is convened in the manner of video</u>		Pursuant to the existing laws and regulations, partial

After revision	Before revision	Notes
<p><u>conference, before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to nature disasters, incidents, or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days, and Article 182 of the Company Act shall not apply.</u></p> <p><u>Where the meeting is to be postponed or re-convened as specified in the preceding paragraph, the shareholders have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting. For the meeting is to be postponed or re-convened as specified in Paragraph 1, the shareholders who registered to attend the original meeting via the video conference, and have completed the acceptance, but not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting right and election right, shall be counted into the total shares, voting rights, and election rights of the attending shareholders in the postponed or re-convened meeting. The postponement or re-convention of shareholders' meetings conducted per Paragraph 1 needs not again discuss and resolve the proposal that have completed voting and vote calculation, with the announcement of voting results, or the list of elected directors. Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued as specified in Paragraph 1 and the total attending shares still meet the statutory quorum for shareholders' meeting commencement, the postponement or re-convention of the meeting per Paragraph 1 is not required.</u></p> <p><u>Under the circumstances to continue the meeting as specified in the preceding paragraph, the shares held</u></p>		<p>amendment is made</p>

After revision	Before revision	Notes
<p><u>by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.</u></p> <p><u>Where the Company postpones or re-convenes any shareholders' meeting as specified in Paragraph 1, the pre-requisite operations shall be conducted based on the original shareholders' meeting date, and pursuant to Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting per Paragraph.</u></p>		
<p><u>Article 22</u> <u>(Handling digital gap)</u></p> <p><u>Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference.</u></p>		Pursuant to the existing laws and regulations, partial amendment is made
<p><u>Article 23</u></p> <p>These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.</p>	<p>V. — Operation Content</p> <p>17. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.</p>	<p>To cope with the new additional articles above, the number of articles are adjusted, and the numbering approach is</p>

After revision	Before revision	Notes
		amended.
	VI. Relative documents None. VII. Attachment None.	To cope with the numbering approach in the current laws and regulations, it is deleted.

Comparison Table for the” Procedures for Acquisition or Disposal of Assets” Before and After Revision

After revision	Before revision	Detail
<p>5. Operation Content</p> <p>(1)Operating Procedure of Acquisition or Disposal of Negotiable Securities</p> <p>(i)Assessment Procedure</p> <p>A. Any acquisition or disposal of negotiable securities shall proceed with feasibility evaluation by execution unit before execution.</p> <p>B. Method of price decision and reference foundation :</p> <p>(A)Any acquisition or disposal of negotiable securities shall obtain the latest financial statements audited and certified, or reviewed by accountant as reference of trading price assessment. For any of the following conditions and transaction amount achieves 20% of corporate paid-in capital or NT\$300,000,000 and above, before date of occurrence the accountant shall be consulted for comment on reasonability of trading price. However, any negotiable securities with open quotation to activate the market, or other stipulations of FSC are not subject to this limitation.</p>	<p>5. Operation Content</p> <p>(1)Operating Procedure of Acquisition or Disposal of Negotiable Securities</p> <p>(i)Assessment Procedure</p> <p>A.Any acquisition or disposal of negotiable securities shall proceed with feasibility evaluation by execution unit before execution.</p> <p>B.Method of price decision and reference foundation :</p> <p>(A)Any acquisition or disposal of negotiable securities shall obtain the latest financial statements audited and certified, or reviewed by accountant as reference of trading price assessment. For any of the following conditions and transaction amount achieves 20% of corporate paid-in capital or NT\$300,000,000 and above, before date of occurrence the accountant shall be consulted for comment on reasonability of trading price. In case the accountant needs report from expert, kindly proceed in accordance with Rule #20 of Statement of Auditing Standards by Certified Public Accountants issued by Accounting Research and Development Foundation (hereinafter refers to as ARDF). However, any negotiable securities with open quotation to activate the market, or other stipulations of FSC are not subject to this limitation.</p>	Pursuant to the existing laws and regulations, partial amendment is made
<p>(2)Operating procedure of acquisition or disposal of real estate, equipment, or right-of-use assets.</p> <p>(1)~(2) omitted</p> <p>(iii)Suggestion from expertise</p> <p>Except for transaction with a domestic government agency, contracted construction on own land, contracted construction on leased land, or acquisition and disposal of equipment or right-of-use assets for operating purposes, any acquisition or disposal of real estate , equipment, or right-of-use assets whose transaction amount achieves 20% of company's paid-in capital, or</p>	<p>(2)Operating procedure of acquisition or disposal of real estate, equipment, or right-of-use assets.</p> <p>(1)~(2)略</p> <p>(iii)Suggestion from expertise</p> <p>Except for transaction with a domestic government agency, contracted construction on own land, contracted construction on leased land, or acquisition and disposal of equipment or right-of-use assets for operating purposes, any acquisition or disposal of real estate , equipment, or right-of-use assets whose transaction amount achieves 20% of company's paid-in capital, or NT\$300,000,000 and above shall</p>	Pursuant to the existing laws and regulations, partial amendment is made

After revision	Before revision	Detail
<p>NT\$300,000,000 and above shall obtain valuation report from professional appraisers before occurrence (requirements of valuation report are stated on Annex 1), and shall conform to following stipulations :</p> <p>A.~B. omitted</p> <p>C. Except for higher valuation result of acquired asset than transaction amount, or lower valuation result of disposed asset than transaction amount, for any of the following conditions of valuation results from professional appraisers the accountant and shall express consolidated opinions with respect to the reasons for difference and the propriety of trading price :</p> <p>(A)The transaction amount has 20% difference or more from valuation result.</p> <p>(B)The valuation results of two professional appraisers have 10% difference or more from transaction amount.</p>	<p>obtain valuation report from professional valuer before occurrence (requirements of valuation report are stated on Annex 1), and shall conform to following stipulations :</p> <p>A.~B. omitted</p> <p>C. Except for higher valuation result of acquired asset than transaction amount, or lower valuation result of disposed asset than transaction amount, for any of the following conditions of valuation results from professional valuer the accountant shall be requested to proceed with Rule #20 of Statement Of Auditing Standards issued by ARDF, and shall express consolidated opinions with respect to the reasons for difference and the propriety of trading price :</p> <p>(A)The transaction amount has 20% difference or more from valuation result.</p> <p>(B)The valuation results of two professional appraisers have 10% difference or more from transaction amount.</p>	
<p>(3)Operating procedure of transaction with relevant party</p> <p>(i) omitted</p> <p>(ii) Except for transaction of domestic government bonds, buy-back or sell-back conditioned bonds, subscription or buy-back of MMF issued by domestic securities investment trust enterprises, any corporate acquisition or disposal of real estate or right-of-use assets from relevant party, or other assets with transaction amount up to 20% of company's paid-in capital, or 10% of total assets, NT\$300,000,000 shall be reported to the Audit Committee and the Board with related documents for approval before signing transaction contract and making of payment :</p> <p>A.~G. omitted</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board chairman to decide such matters when the transaction is within a</p>	<p>(3)Operating procedure of transaction with relevant party</p> <p>(i) omitted</p> <p>(ii) Except for transaction of domestic government bonds, buy-back or sell-back conditioned bonds, subscription or buy-back of MMF issued by domestic securities investment trust enterprises, any corporate acquisition or disposal of real estate or right-of-use assets from relevant party, or other assets with transaction amount up to 20% of company's paid-in capital, or 10% of total assets, NT\$300,000,000 shall be reported to the Audit Committee and the Board with related documents for approval before signing transaction contract and making of payment :</p> <p>A.~G. omitted</p> <p>The calculation of preceding transaction amount shall proceed in accordance with the calculation rules of (7)Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction. Items that have been previously approved by the Audit Committee and the Board need not be counted toward the</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Detail
<p>certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2.Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>In case the company set up independent directors, each independent's opinion shall be fully considered when matters regarding Article 3.(2) on Chapter 5 have been proposed to the Board for discussion. Any counter advice or qualified opinion from independent directors shall be recorded on meeting journal of the Board. Before the company submits a resolution to the board of directors in accordance with Article 3.(2) of Chapter 5, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may implemented if approved by more than two thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors meeting.</p> <p><u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in the Article 3.(2) of Section V, and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all subparagraphs in Article 3.(2) of Section V 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 public company and its parent company or subsidiaries or between its subsidiaries. The calculation of all the transaction amounts referred to in Article 3.(2) of Section V and the preceding paragraph shall be made in pursuant to 7.</u></p>	<p>transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the 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:</p> <p>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2.Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>In case the company set up independent directors, each independent's opinion shall be fully considered when matters regarding Article 3.(2) on Chapter 5 have been proposed to the Board for discussion. Any counter advice or qualified opinion from independent directors shall be recorded on meeting journal of the Board.</p> <p>Before the company submits a resolution to the board of directors in accordance with Article 3.(2) of Chapter 5, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may implemented if approved by more than two thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors meeting.</p>	

After revision	Before revision	Detail
<p><u>requirement of amount calculations in Section V, 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 submitted to the shareholders meeting, the Audit Committee and the board of directors and approved need not be counted toward the transaction amount.</u></p>		
<p>(4)Operating procedure of acquisition or disposal of intangible assets or right-of-use assets or membership cards (iii)Suggestion from expertise Except for transaction with a domestic government agency, any corporate acquisition or disposal of intangible assets or right-of-use assets or membership cards with transaction amount up to 20% of company's paid-in capital, or NT\$300,000,000 and above, accountant shall be consulted for comment on reasonability of transaction price before occurrence. The calculation of preceding transaction amount shall proceed in accordance in accordance with the calculation rules of (7)Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction. Professional valuation report or comment from accountant obtained can free this procedure from this stipulation.</p>	<p>(4)Operating procedure of acquisition or disposal of intangible assets or right-of-use assets or membership cards (iii)Suggestion from expertise Except for transaction with a domestic government agency, any corporate acquisition or disposal of intangible assets or right-of-use assets or membership cards with transaction amount up to 20% of company's paid-in capital, or NT\$300,000,000 and above, accountant shall be consulted for comment on reasonability of transaction price before occurrence. And the accountant shall proceed in accordance with Rule #20 of Statement Of Auditing Standards issued by Accounting Research and Development Foundation. The calculation of preceding transaction amount shall proceed in accordance in accordance with the calculation rules of (7)Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction. Professional valuation report or comment from accountant obtained can free this procedure from this stipulation.</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>
<p>7. Disclosure of information (i)When the company acquires or disposes any asset, any of following conditions shall be declared in regulated format with related information within 2 days after occurrence to proceed on designated website of the Financial Supervisory Commission, Executive Yuan: A.~E. omitted F.Transaction other than the above 5 items, or investment in mainland with a transaction amount up to 20% or</p>	<p>7. Disclosure of information (i)When the company acquires or disposes any asset, any of following conditions shall be declared in regulated format with related information within 2 days after occurrence to proceed on designated website of the Financial Supervisory Commission, Executive Yuan: A.~E. omitted F.Transaction other than the above 5 items, or investment in mainland with a transaction amount up to 20% or company's</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Detail
<p>company's paid-in capital, or NT\$300 million and above. However, the following conditions are not subject to this limitation :</p> <p>(A)Transaction of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>(B)Transaction with buy-back or sell-back conditioned bonds, subscription or buy-back MMF issued by domestic enterprise of securities, investment, or trust.</p> <p>The preceding transaction amount shall be calculated by following methods:</p> <ul style="list-style-type: none"> ● Each transaction amount ● The accumulative trading amount within 1 year with the same counter party for the same property object. ● The accumulative amount within 1 year of acquisition or disposal (acquisition and disposal shall be accumulated respectively) of the same negotiable securities. ● The accumulative amount within 1 year of acquisition or disposal (acquisition and disposal shall be accumulated respectively)of the same development of real estate or right-of-use assets. <p>The preceding "within 1 year" denotes the occurrence of this transaction date to be regarded as a base and trace back for 1 year. However, any part regarding " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " issued by the Financial Supervisory Commission, Executive Yuan is free from this calculation.</p>	<p>paid-in capital, or NT\$300 million and above. However, the following conditions are not subject to this limitation :</p> <p>(A)Transaction of domestic government bonds.</p> <p>(B)Transaction with buy-back or sell-back conditioned bonds, subscription or buy-back MMF issued by domestic enterprise of securities, investment, or trust.</p> <p>The preceding transaction amount shall be calculated by following methods:</p> <ul style="list-style-type: none"> ● Each transaction amount ● The accumulative trading amount within 1 year with the same counter party for the same property object. ● The accumulative amount within 1 year of acquisition or disposal (acquisition and disposal shall be accumulated respectively) of the same negotiable securities. ● The accumulative amount within 1 year of acquisition or disposal (acquisition and disposal shall be accumulated respectively)of the same development of real estate or right-of-use assets. <p>The preceding "within 1 year" denotes the occurrence of this transaction date to be regarded as a base and trace back for 1 year. However, any part regarding " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " issued by the Financial Supervisory Commission, Executive Yuan is free from this calculation.</p>	
<p>(9) 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:</p> <p>(i)May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a</p>	<p>(9) 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:</p> <p>(i)May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the</p>	<p>Pursuant to the existing laws and regulations, partial amendment is made</p>

After revision	Before revision	Detail
<p>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.</p> <p>(ii) May not be a related party or de facto related party of any party to the transaction.</p> <p>(iii) 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.</p> <p>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</u> and with the following provisions:</p> <p>(i) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(ii) 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.</p> <p>(iii) 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.</p> <p>(iv) They shall issue a statement attesting to the professional competence and independence of the personnel who</p>	<p>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.</p> <p>(ii) May not be a related party or de facto related party of any party to the transaction.</p> <p>(iii) 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>(i) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(ii) 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.</p> <p>(iii) 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.</p> <p>(iv) 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.</p>	

After revision	Before revision	Detail
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.		

Nishoku Technology Inc.

The Procedures for Issuing of 2022 Restricted Stocks for Employees

Article 1 Purpose of issuance:

1. To attract and retain the professional talents required by Nishoku Technology Inc. (hereafter “the Company”), while motivating employees, and improving their loyalty, for the purpose of creating the benefits of the Company and the shareholders together, the Procedures for Issuing Restricted Stocks for Employees (hereafter “the Procedures”) are established pursuant to Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (hereafter “the Regulations”).

Article 2 Report and issuance period:

Applied for issuance within one year from the date the resolution is adopted by the shareholders’ meeting at once or in several times, and issued at once or in several times within one year from the date the Financial Supervisory Commission’s (hereafter “the competent authority”) notice of effected application. The chairman is authorized by the board of directors to determine the actual issuance date.

Article 3 Qualifications of employees and shares granted:

- I. The eligible employees are limited to the full-time employees included in the Company’s official headcounts, and the full-time employees included in the overseas and domestic subsidiaries in which the Company owns 50% or more shares with voting rights, directly or indirectly, on the date granting the restricted stocks for employees.
- II. The quantity of the restricted stocks for employees actually granted to and grantable, will be determined by the chairman, by considering the seniority, job level, working performance, overall contributions, special achievement, or other conditions regarding management, and reported to the board of directors for resolutions. Provided, the consent of the Remuneration Committee shall be obtained for the managerial officers and the directors serving as employees.
- III. The sum of shares to be subscribed by one single employee for the employee stock warrants issued by the Company pursuant to Paragraph 1 of Article 56-1 of the Regulations, plus his/her cumulative restricted stocks for employees obtained, must not exceed 0.3% of total issued shares; if plus the accumulated shares to be subscribed by one single employee for the employee stock warrants issued by the Company pursuant to Paragraph 1 of Article 56-1 of the Regulations, the sum must not exceed 1% of the Company’s total issued shares. However, if approved by each central competent authority of the target business as a special case, the sum of the employee stock warrants and restricted stocks for employees obtained by one single employee is not subject to the aforesaid restriction.

Article 4 Total issuance:

The total issuance shares of the restricted stocks for employees are 400,000 shares at par value NT\$10, for total NT\$4,000,000.

Article 5 Issuance conditions:

- I. Issuance price: issued at NT\$0 per share, i.e. issued to the employee free from cash considerations.
- II. Type of the issued shares: the Company’s new common shares.
- III. Vesting conditions:
From the date the employees are granted the restricted stocks for employees, these employees are in service at the expiry of each of the following vesting period, and the personal working performances achieve the performance criteria prescribed by the

Company (i.e at each expiry of the vesting period, the latest annual performance appraisal is grade A or higher. If not in service, it is deemed failed to achieve), and the employees have not violate the Company's labor agreement or working rules. The shareholding percentage at each vesting period is described below:

- Two full year services since being granted: 50% of the granted shares.
- Three full year services since being granted: 25% of the granted shares.
- Four full year services since being granted: 25% of the granted shares.

Article 6 Restrictions on shares before achieving the vesting conditions:

- I. Before achieving the vesting conditions specified in the preceding paragraph, the employees must not sell, pledge, assign, gift to others, setup, or dispose of the restricted stocks for employees granted pursuant to the Procedures in any other way.
- II. Before achieving the vesting conditions, the restricted stocks for employees issued pursuant to the Procedures, have the same rights as the issued common shares to attend shareholders' meeting, propose, speak, cast votes, and right of election; such rights are exercised pursuant to the trust custody agreement or other custody method prescribed by the Company.
- III. Before achieving the vesting conditions, share distribution (including the dividends from surplus to capital increase and reserve to capital increase) and cash dividend (including cash dividend and capital reserve distributed in cash) derived from the restricted stocks for employees issued pursuant to the Procedures are distributed to the employees in the same year, not subject to the same restrictions of the restricted stocks for employees.
- IV. For the restricted stocks for employees issued by the Company, if the employee receivers are nationale of ROC, the employees shall deliver the shares to the trustee institution designated by the Company immediately upon receipt fro custody; unless the Procedures specify otherwise, before achieving the vesting conditions, the shares shall be kept under trust custody. If the employees are foreign nationales, the custody is commissioned to some custodian banks.

Article 7 Handling the failure to achieve the vesting conditions:

The restricted stocks for employees granted to employees will be retrieved by the Company without compensation and cancelled, if the vesting conditions are failed to achieve.

Article 8 Handling voluntary resignation, dismissal, leave without paid, retirement, lay-off, death, or re-appointment of an employee:

- I. Voluntary resignation, dismissal, or lay-off:
For the employees granted the restricted stocks for employees issued pursuant to the Procedures, if have the circumstances including voluntary resignation, dismissal, leave without paid, retirement, lay-off, death, or re-appointment later, but not achieving the vesting conditions in Article 5, their unvested shares at the date their resignation taking effect, will be retrieved by the Company without compensation and cancelled.
- II. On leave without paid:
For the employees granted the restricted stocks for employees issued pursuant to the Procedures, if later taking leave without paid approved by the Company due to parental leaves, injury or illness, their restricted stocks for employees not meeting the vesting conditions will be postponed by the actual days of leave with paid to calculate their service period after granted the shares.
- III. Retirement:
For the employees granted the restricted stocks for employees issued pursuant to the Procedures, if they retire later but not achieving the vesting conditions in Article 5, their unvested shares at the date their retirement taking effect, will be retrieved by the Company without compensation and cancelled.
- IV. Death due to common reasons:

For the employees granted the restricted stocks for employees issued pursuant to the Procedures, if they decease later but not achieving the vesting conditions in Article 5, their unvested shares at the decease date, will be retrieved by the Company without compensation and cancelled.

V. Death or disability due to occupational disasters:

For the employees granted the restricted stocks for employees issued pursuant to the Procedures, if they become disabled or deceased due to any occupational disasters, they are deemed to achieve the vesting conditions. In case of death, their heirs may apply to receive the eligible shares to be inherited or the equity disposed after completing the required statutory procedures and furnishing the required documents.

VI. Reappointment:

For these who voluntarily request re-appointment to affiliates, their unvested restricted stocks for employees will be retrieved by the Company without compensation and cancelled.

For these who are required by the Company to be re-appointed to the Company's other affiliates as required by the operations, their rights and obligations of the restricted stocks for employees remain the same.

Article 9 Taxation:

For the shares granted to the employees pursuant to the procedures, and related taxes, the tax laws of ROC at the time shall applies.

Article 10 Non-disclosure and restrictive terms

I. After being granted the restricted stocks for employees issued pursuant to the Procedures, the employees shall comply with the salary confidentiality requirement of the Company, and must not inquire others for the details and quantity of the restricted stocks for employees granted, nor leak their own details to others. Where the Company recognize any employee violate the confidentiality requirement, for their restricted stocks for employees, the Company is entitled to retrieve the shares without compensation and cancel.

II. After being granted the restricted stocks for employees issued pursuant to the Procedures, if any employee violates the regulations such as labor agreement and working rules, for their restricted stocks for employees, the Company is entitled to retrieve the shares without compensation and cancel.

Article 11 Details of implementation

Regarding matters and detailed time of operations such as the list of employees being granted the restricted stocks for employees and signature, the unit in charge will inform the employee receivers to handle separately.

Article 12 Other key agreed matters:

I. The Procedures were approved by the majority of attending directors in a board meeting attended by more than two third of directors, and took effect upon the approval of the application to the competent authority. The same applies to any amendment before the issuance. Later, if the Procedures are to be amended due to the requests of the competent authority, the chairman is authorized to amend the Procedures, and report to the board of director for ratification before issuance.

II. The issuance of restricted stocks for employees by the Company is conducted by the means of share trust custody; the agent is the Company or any party designated by the Company, to enter and amend the trust agreements with the trustee institutions on behalf of all employees granted with shares, and handle affairs related to the trust.

III. Anything not mentioned in the Procedures, unless the laws and regulations specify otherwise, shall be handled by the chairman, and the parties authorized by the chairman complying with the related laws and regulations.

List of Director and Independent Director Candidates

Serial No.	Account No.	Name	Major education and experience	Number/amount of shareholding (Note 2) (unit: shares)	Type of nominee
1	15091	Jing Hong Investment Limited Rep.: Chen, Piao-Fu	Education: Lee-Ming College of Technology Selected Current Positions: Chairman of Nishoku Technology Inc. Chairman of SAME START LIMITED Chairman of Nishoku Hong Kong Holding Limited Chairman of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Director of SUN NICE LIMITED(SAMOA) Director of Nishoku Boueki Co., Ltd. Chairman of Nishoku Technology Vietnam Co., Ltd. Experience: QC supervisor of Sampo Corporation QC Assistant Manager of Dixing Industrial Co., Ltd.	3,600,000	Director
2	27	Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng	Education: EMBA of National Taiwan University Selected Current Positions: President of Nishoku Technology Inc. Director of SAME START LIMITED Director of Nishoku Hong Kong Holding Limited Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Chairman of SUN NICE LIMITED(SAMOA) Director of Nishoku Boueki Co., Ltd. Director of Nishoku Technology Vietnam Co.,	2,263,956	Director

Serial No.	Account No.	Name	Major education and experience	Number/amount of shareholding (Note 2) (unit: shares)	Type of nominee
			Ltd. Chairman of Kunshan Nishoku Plastic Electronic Co., Ltd. Chairman of SUN NICE LIMITED(B.V.I) Experience: Engineering Supervisor of Dixing Industrial Co., Ltd. President of Nishoku Industrial Inc.		
3	15090	Ji Teng Investment Limited Rep.: Wu, Ying-Lan.	Education: Ming Chuan College Selected Current Positions: Chairman of Nishoku Boueki Co., Ltd. Vice President of Nishoku Boueki Co., Ltd. Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Experience: Chairman of Nishoku Boueki Co., Ltd.	4,500,000	Director
4	21	Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien	Education: Ta Hwa Technical College Selected Current Positions: Executive Vice President of Nishoku Technology Inc. Supervisor of Nishoku Boueki Co., Ltd. Director of SAME START LIMITED Director of Nishoku Hong Kong Holding Limited Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd Director of SUN NICE LIMITED(SAMOA) Director of Nishoku Technology Vietnam Co., Ltd.	1,855,308	Director

Serial No.	Account No.	Name	Major education and experience	Number/amount of shareholding (Note 2) (unit: shares)	Type of nominee
			Director of Kunshan Nishoku Plastic Electronic Co., Ltd Experience: Manufacturing Supervisor of Dixing Industrial Co., Ltd. Vice President of Nishoku Industrial Inc.		
5	22	Jhan Yu Investment Limited. Rep.: Hsieh, Xin-Yi	Education: MBA of International University of Monaco Selected Current Positions: Principal of Zhanyu Investment Co., Ltd. Person in Charge, Yi Feng Investment Co., Ltd. Sales Manager of Well-achieve Co., Ltd. Experience: Sales of Spring Machinery Company	2,683,082	Director
6	31	Chang Shun Investment Limited. Rep.: Fan, Chia-Wen	Education: National Kaohsiung University of Hospitality and Tourism Selected Current Positions: CFO of Changshun Investment Co., Ltd Experience: Flight attendants of EVA Air	2,705,932	Director
7	-	Lin, Horng Chang	Education: MBA of George Washington University EMBA of National Taiwan University Selected Current Positions: CEO, Heng Cheng Investment Ltd. Experience: Financial Senior Manager and Spokesman of Senao International Co., Ltd CFO of HEALTHCONN CORP.	0	Independent Director

Serial No.	Account No.	Name	Major education and experience	Number/amount of shareholding (Note 2) (unit: shares)	Type of nominee
8	-	Wang, Zhi-Chen	Education: EMBA, Institute of Management, National Taiwan University Selected Current Positions: President, PWM Consultancy Inc. Experience: GM of INVENTEC CORPORATION Independent Director of PROVISION INFORMATION CO., LTD.	0	Independent Director
9	-	Tsai, Chih-Jie	Education: MBA, National Taipei University Selected Current Positions: CPA of Jianda United Accounting Experience: Chairman of SAN FAR PROPERTY LIMITED Chairman of WitsLight Technology Corporation Limited (Samoa) Executive Vice President, Lung Yang Venture Capital (Yulong Group)	0	Independent Director

(Note 1) Among the candidate list of independent directors, none of them have taken the office as an independent director of the Company for three terms in row.

(Note 2) Shares after the book closure date April 17, 2022

Nishoku Technology Inc.

Positions concurrently held by the director (including independent director) candidates.

Title	Name	Key positions served in other companies	
Director	Jing Hong Investment Limited Rep.: Chen, Piao-Fu	Ghi Yang Investment Limited	Chairman
		Jing Hong Investment Limited	Chairman
		SAME START LIMITED	Chairman
		Nishoku Hong Kong Holding Limited	Chairman
		Nishoku Plastic Mold (Shenzhen) Co., Ltd.	Chairman
		SUN NICE LIMITED(SAMOA)	Director
		Nishoku Boueki Co., Ltd.	Director
		Nishoku Technology Vietnam Co., Ltd	Chairman
Director	Heng Sheng Investment Limited. Rep.: Tsai, Chien-Sheng	Heng Sheng Investment Limited.	Chairman
		Ji Teng Investment Limited.	Chairman
		SAME START LIMITED	Director
		Nishoku Hong Kong Holding Limited.	Director
		Nishoku Plastic Mold (Shenzhen) Co., Ltd.	Director
		SUN NICE LIMITED(SAMOA)	Chairman
		Nishoku Boueki Co., Ltd.	Director
		Nishoku Technology Vietnam Co., Ltd	Director
		Kunshan Nishoku Plastic Electronic Co., Ltd.	Chairman
		SUN NICE LIMITED(B.V.I)	Chairman
Director	Cyuan Guan Investment Limited. Rep.: Chang, Wen-Hsien	Cyuan Guan Investment Limited.	Chairman
		Yun Ding Investment Limited.	Chairman

Title	Name	Key positions served in other companies	
		SAME START LIMITED	Director
		Nishoku Hong Kong Holding Limited.	Director
		SUN NICE LIMITED(SAMOA)	Director
		Nishoku Technology Vietnam Co., Ltd	Director
		Kunshan Nishoku Plastic ElectronicCo., Ltd.	Director
Director	Ji Teng Investment Limited. Rep.: Wu, Ying-Lan	Nishoku Boueki Co., Ltd.	Chairman
		Nishoku Platic Mold (Shenzhen) Co., Ltd.	Director
Director	Jhan Yu Investment Limited. Rep.: Hsieh, Xin-Yi	Jhan Yu Investment Limited.	Chairman
Director	Chang Shun Investment Limited. Rep.: Fan, Chia-Wen	Chang Shun Investment Limited.	CFO
Independent Director	Lin, Horng Chang	Heng Cheng Investment Ltd.	CEO
		GREENYN BIOTECHNOLOGY CO., LTD	Director
		COPLUS INC.	Independent Director
		Provision Information Co.,Ltd.	Director
		PROVISION INFORMATION CO., LTD.	Independent Director
Independent Director	Wang, Zhi-Chen	PWM CONSULTANCY INC.	General manager
		PROVISION INFORMATION CO., LTD.	Independent Director
Independent Director	Tsai, Chih-Jie	Jianda United Accounting	CPA
		Jaydon Production and Economic Consultancy Inc.	Chairman
		Huge Summer Energy Co., Ltd.	Chairman
		GLOBAL VIEW CO., LTD	Independent Director

Nishoku Technology Inc.
Rules and Procedures of Meetings of Shareholders
(Before amendment)

I. Purpose

For the purposes of setting up a favorable governing system for corporate shareholders meetings, strengthening supervising function, and reinforcing managerial function, this measure is made in accordance with Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for our compliance.

II. Scope

Except for other stipulations by laws or rules, the measure for shareholders meetings of the company shall be executed in accordance with this measure.

III. Definition

None.

IV. Responsibilities

The Board: Convene shareholders meetings.

V. Operation Content

1. The Company's shareholders meeting shall, unless otherwise provided for in laws or regulations, be convened by the Board of Directors.

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

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

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations

Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice of the reasons for convening the shareholders meeting and the essential contents shall be explained. None of the above matters may be raised by an extraordinary motion.

Matters including the accession date regarding election of directors shall be listed in the agenda of shareholders meeting. After the election at the shareholders meeting, there shall be no changes to accession date by special motions or other means.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. Besides, the proposed motion by shareholders shall not be listed as meeting motion by the Board with regard to any of conditions stated paragraph 4 on Article 172-1 of Company Act. Shareholders may submit suggestive proposals for urging the Company to promote public interests or fulfill its social responsibilities, provided that the procedure shall comply with relevant provisions of Article 172-1 of the Company Act, and the number of items so proposed shall be limited to one only, and no proposal containing more than one item shall be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

2. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by providing the proxy form issued by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail. Unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company within two days before the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

3. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no

earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

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

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

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

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

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

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

5. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

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

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

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

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

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

7. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the

attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

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

8. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant motions (including extemporaneous motions and changes in the original motions) shall be voted on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

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

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

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

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

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

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

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

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

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

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

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

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 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.

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

When the Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights by electronic means, and also correspondence 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. However, the shareholder is deemed to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. Unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights that has already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days prior to the date of the shareholders meeting. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. When a shareholder has exercised voting rights by correspondence or electronic means, and also by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal,

based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

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

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

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

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

The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and voting results (including calculation of voting shares) of various meeting agendas. In cases of director elections, the number of voting shares of director candidates shall be revealed. These minutes must be retained for as long as the Company exists.

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

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

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

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

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

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

16. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
17. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

VI. Relative documents

None.

VII. Attachment

None.

**Nishoku Technology Inc.
Articles of Incorporation
(Before amendment)**

Chapter 1 General Principles

- Article 1 The company is named Nishoku Technology Inc. in accordance with organization stipulations of Company Act.
- Article 2 The operating businesses are listed as follows:
 1. CQ01010 Die Manufacturing
 2. F106030 Wholesale of Die
 3. F206030 Retail Sale of Die
 4. C805990 Other Plastic Products Manufacturing
 5. F401010 International Trade
 6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 For purposes of business requirement or investing relationship, the company may conduct external guarantee for the same business, endorsement and guarantee on loan from financial institution, and affairs of mutual funding accommodation.
- Article 2-2 The total corporate re-investment amount in other companies is not subject to Article 13 of Articles of Incorporation and may exceed 40% of company's paid-in capital with consent from the Board.
- Article 3 The company's headquarter is located in New Taipei City. When necessary the Board may resolve to set up branch offices domestically and abroad.
- Article 4 The announcement methods shall proceed in accordance with Article 28 of Company Act except for other protocols by securities authorities.

Chapter 2 Stock Shares

- Article 5 The capital sum of the company is NT\$1,500,000,000 to be divided for 150,000,000 shares of NT\$10 per share to be issued by several times. The preceding capital sum has reserved NT\$20,000,000 to be divided for 2,000,000 shares for stock option, special stock for stock option, or for the use of company with stock option to exercise power of stock option. In accordance with Company Act and other related laws and rules, the Board is authorized to issue the shares for several times.
- Article 5-1 The employees who are entitled to the transfer or distribution of the treasury stock bought back by the Company, share subscription warrant issued to employees, issued new shares for capital increase and restricted stock must be employees of the controlling or subsidiary company meeting certain criteria. The Board is authorized to determine such criteria
- Article 6 Deleted
- Article 7 The stock shares of the company are registered shares. They shall be

numbered and signed by directors representing the Company or affixed with seals thereof and may be issued after notarization by law.

The issued stock shares by the company may not be necessary to print out hard copies. However, the centralized securities depository enterprise shall be contacted for shares registration or preservation. The way of stock share issuing shall proceed in accordance with Company Act and relevant laws and rules.

- Article 8 The rename for transfer of shares shall be suspended by 60 days before regular shareholders meeting, or 30 days before temporary shareholders meeting, or 5 days before the company decides to distribute stock dividends or other interest.
- Article 8-1 The stock affairs shall proceed in accordance with stipulation of “Regulations Governing the Administration of Shareholder Services of Public Companies” issued by the securities authorities.
- Article 8-2 Deleted.

Chapter 3 Shareholders Meeting

- Article 9 There are regular and temporary shareholders meetings. By law, the regular one shall be convened by the Board at least once every year within 6 months by end of every accounting year. The temporary one shall be convened by law if necessary.
The convening of regular shareholders meeting shall be conducted by 30 days before the meeting, and temporary shareholders meeting shall be convened by 15 days before the meeting. By law, every shareholder shall be informed of meeting date, location, and matters for meeting in written or electronic means. For shareholders with less than 1000 shares, announcement without notification is eligible
During shareholders meeting, the President is acting as chairperson. In case the President is taking leave or fails to perform his duty for certain reasons, one of the directors may be appointed as chairperson. In case the President has not appointed any director as the chairperson, the directors shall elect one director as the chairperson of meeting. For meeting convened by other conveners, the chairperson shall be the convener. For more than two conveners, the chairperson shall be elected from one of them.
- Article 10 In case shareholder may not attend shareholders meeting for certain reasons, a form of proxy printed by the company with expressly statement of authorization scope, signature, or stamp can be presented for proxy to attend the meeting. The measure for proxy shareholder to attend the meeting shall proceed in accordance with Article 177 of Company Act and " Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies " issued by the authorities.
- Article 11 The issued shared by the company have 1 voting power for each share except for the shares without voting power regulated by Paragraph 2 on Article 179 of Company Act.
- Article 12 Except for other stipulations of Company Act, the resolutions of shareholders meeting shall be approved for execution with favorable votes by more than half of participating shareholders representing total issued shares of the company in shareholders meeting.

Chapter 4 Directors And Audit Committee

- Article 13 The company shall entitle 7 to 11 directors with 3-year term of office to be elected in shareholders meeting by voting for competent candidates. The former elected can be re-elected for service.
- In accordance with Article 192-1 of Company Act, the elections for directors of the company shall be done by nomination system with candidates. Shareholders shall elect among a list of candidates of directors.
- For directors, there are 3~4 independent directors. The independent directors' qualification, shareholding and other business limit, nomination, mean of election, and other matters to be comply with shall be executed by relevant laws and stipulations.
- Article 13-1 The Company establishes Remuneration Committees and other functional committees in accordance with laws and regulations and depending on business operation needs.
- Pursuant to Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee, which shall be composed of the entire number of independent directors. The Audit Committee shall carry out duties as prescribed by the Company Act, Securities and Exchange Act and other regulations governing the power of Audit Committee. The number of Audit Committee members, term of office, rules and procedures of audit committee meetings, exercising of power and other matters to be complied with shall be handled in accordance to relevant rules and regulations as prescribed by the competent authority or the Charters of the Audit Committee.
- Article 14 The Board is organized by the President. The President is elected by more than half of participating directors of more than 2/3 of all directors. The President represents the company outwards.
- The Board shall be convened by the President as the chairperson. However, for the first Board of every session, the director who has the most favorable votes shall convene the Board. The chairperson of the Board shall be the convener. For more than two conveners, one of them shall be elected as chairperson. Every director and supervisor shall be informed of the convening of the Board by 7 days before the meeting with notification expressly stating meeting date/time, location, and agenda. For emergency, the Board can be convened at any time. The notification of convening the Board can be conducted in written, e-mail, or fax.
- Article 15 In case the President is taking leave or cannot perform his duty for certain reasons his deputy shall proceed in accordance with Article 208 of Company Act.
- Article 15-1 For lack of directors achieves 1/3 regulated by Articles of Incorporation or all independent directors are dismissed due to any reasons, the company shall re-elect directors by convening temporary shareholders meeting within 60 days of occurrence in accordance to the law. Except for the circumstances where the entire Board is re-elected, the tenure of succeeding directors shall expired at the end of the original service period.
- Article 15-2 Any director may use form of proxy expressly stating scope of authorization

for other director to attend the Board, and may exercise voting power as a proxy director for all matters discussed in the Board. Every director can only be a proxy for another director. In case the Board has video conference, the participating directors shall be regarded as attending the meeting in person.

Article 15-3

Deleted.

Article 16

The Board is authorized to determine the rewards for President, and directors in consideration of respective involving levels of corporate operation and contributed values with reference of other companies domestically and abroad.

A company shall report the insured amount, coverage, premium rate, and other important contents of the directors liability insurance it has obtained or renewed for directors, at the most recent board meeting.

Chapter 5 Manager

Article 17

The company shall have manager whose appointment, removal, and reward shall proceed in accordance with Article 29 of Company Act.

Chapter 6 Accounting

Article 18

The Board of the company shall make the following reports by the end of accounting year and submitted it to the shareholders meeting for ratification:

(1) Business Report

(2) Financial Statements

(3) Distribution of Profits or Motion of Loss Appropriation.

Article 19

Deleted.

Article 20

In case the company has yearly profit, at least 1% shall be appropriated as staff reward and no more than 5% as rewards for directors and supervisors. However, the company's accumulated losses shall first have been covered.

The preceding staff reward shall be paid by stock shares or cash dividends. The objects of payment shall consist of employees of controlling and affiliated company meeting certain criteria determined by the Board. The preceding rewards for directors and supervisors shall only be paid by cash dividends.

The preceding 2 items shall be resolved by the Board before execution. And the shareholders meeting shall be reported.

In case the company has surplus after the general annual final settlement, tax shall be first repaid, the accumulative losses be compensated and then 10% be appropriated as legal reserve. When the accumulative legal reserve achieves paid-in capital of the company is not subject to this limitation. Then by law or stipulations of the authorities, special reserve shall be set aside or reversed. Where in case there is surplus, the Board shall propose a motion of profit distribution along with beginning retained earnings. Where surplus is distributed in form of new shares, such matter shall be submitted for shareholders meeting to resolve for stock dividends.

Pursuant to Article 240 and 241 of the Company Act, the Company

authorizes the distributable dividends and bonuses, or legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The policy of cash dividends of the company is formed to match present and future development plan. In consideration of investing environment, demand of fund, competition at home and abroad, and interest of shareholders, every year at least 10% of distributable surplus for stock or cash dividends shall be appropriated as rewards for shareholders. However, when the annual distributable earnings have been all appropriated for stock and cash dividends for shareholders at less than NT\$0.5 per share, the distributable surplus may be fully retained without any distribution. The distribution of surplus can be cash or stock dividends. Among the dividends, cash shall be at least 30% of total.

Article 7 Supplementary Provisions

Article 21 Any unspecified matters by this article shall proceed in accordance with Company Act.

Article 21-1 Deleted.

Article 22 This article was made on May 20, 1980.
1st revision was made on Nov. 10, 1983.
2nd revision was made on Jun. 15, 1984.
3rd revision was made on Aug. 12, 1987.
4th revision was made on Jun. 9, 1988.
5th revision was made on Mar. 14, 2000.
6th revision was made on Nov. 18, 2002.
7th revision was made on Jun. 30, 2007.
8th revision was made on Jan. 18, 2008.
9th revision was made on Mar. 19, 2008.
10th revision was made on Dec. 26, 2008.
11th revision was made on Jun. 30, 2010.
12th revision was made on Jun. 24, 2011.
13th revision was made on Jun. 15, 2012.
14th revision was made on Jun. 15, 2012.
15th revision was made on Jun. 14, 2013.
16th revision was made on Jun. 7, 2016.
17th revision was made on Jun. 14, 2017.
18th revision was made on Jun. 18, 2019.
19th revision was made on Jun. 16, 2020.

Nishoku Technology Inc.

Chairman: Chen, Piao-Fu

Nishoku Technology Inc. Procedures for Election of Directors

I. Purpose

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.

II. Scope of Review

Except as otherwise provided by law and regulation or Articles of Incorporation of the Company, the elections of directors of the Company shall be conducted in accordance with these Procedures. In addition, the establishment of independent directors and compliance matters shall be handled in accordance with the regulations of the competent authority of securities.

III. Definition

None.

IV. Responsibilities

None.

V. Operation Content

1. The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- (1) The ability to make judgments about operations.
- (2) Accounting and financial analysis ability.
- (3) Business management ability.
- (4) Crisis management ability.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Leadership ability.
- (8) Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

2. The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.

The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and shall be conducted in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.

3. Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the discharge of a director for any reason, the Company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

Where the number of independent directors falls below the number prescribed in the proviso of Paragraph 1 of Article 14-2 of Securities and Exchange Act, the Company shall hold by-election at the most recent shareholders’ meeting. When all independent directors are dismissed, the Company shall convene an extraordinary shareholders’ meeting within sixty days from the occurrence of such event to hold a by-election for the independent directors..

4. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

5. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

6. The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

7. Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. In addition, the vote monitoring personnel shall be equipped with the shareholder status.

8. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
9. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "Candidate column" of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identification card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
10. A ballot is invalid under any of the following circumstances:
 - (1) Where the ballot is not prepared by a person with the right to convene.
 - (2) A blank ballot is placed in the ballot box.
 - (3) The writing is unclear and indecipherable or has been altered.
 - (4) The candidate whose name is entered in the ballot is a shareholder and his/her account name and shareholder account number does not conform with the shareholder registry, or the candidate whose name is entered in the ballot is not a shareholder and does not conform with the name and identity card number provided.
 - (5) Other words or marks are entered in addition to the candidate's account name (name) or shareholder account number (or identity certificate number) and the number of voting rights allotted.
 - (6) The name of the candidate entered on the ballot is identical to that of another shareholder, but no shareholder account number or identification card number is provided on the ballot to identify such individual.
 - (7) The total number of voting rights casted in the voting exceed the total number of voting rights held by voters.
 - (8) The number of candidates filled in exceeds the number of seats required for election.
11. The voting rights shall be calculated on-site immediately after the end of the poll, and the results of the list of persons elected as directors and their respective number of voting rights won shall be announced by the chair on-site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
12. The board of directors of the Company shall issue notifications to the persons elected as directors.
13. These Rules shall be submitted by the board of directors to the shareholders' meeting for approval before implementation, and the same requirements shall be applied to amendments of these Rules.

VI. Relevant Documents

None.

VII. Attachments

None.

Nishoku Technology Inc.
Procedures for Acquisition or Disposal of Assets
(Before amendment)

1. Purpose

This procedure is made for operation of acquisition or disposal of corporate assets to be in accordance with.

2. Scope

The applicable scope of "assets" called in this operating procedure:

- (1) Investments such as stock, bonds, corporate bonds, securities bonds, fund recognition securities, Taiwan Depositary Receipt (TDR), subscribe (put) warrant, beneficiary securities, and Assets Backed Securities (ABS), etc.
- (2) Real estate (including land, house and building, investment real estate, land use right, and inventory) and equipment.
- (3) Membership card
- (4) Intangible assets such as patent, copyrights, trademark, and franchise.
- (5) Right-of-use assets.
- (6) Creditor's rights of financing institution (including A/R, negotiations and discounts, loans, and overdue receivables).
- (7) Derivatives.
- (8) Any asset acquired or disposed by law through merger, demerger, acquisition, or transfer of shares.
- (9) Other important assets.

3. Definition

- (1) **Derivative** : 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.
- (2) **Any asset acquired or disposed by law through merger, demerger, acquisition, or transfer of shares** :
 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 Article 156-3 of the Company Act.

(3) Relevant party and subsidiary : Shall be identified in accordance with stipulations of Stipulations Governing the Preparation of Financial Reports by Securities Issuers.

(4) Professional appraiser : Denotes professional appraiser of real estate, or other professional in valuation of real estate and equipment by law.

(5) Date of occurrence : Denotes signing date of contract, payment date, order trading date, transfer date, resolution date of the Board, or other date to determine priority of trading objects and transaction amount. However, any investment with consent from the authorities whose above dates shall be the former ones compared to the approval dates by the authorities.

(6) Investment in mainland : Denotes any investment in accordance with the stipulations of Regulations Governing The Approval Of Investment Or Technical Cooperation In Mainland China issued by MOEAIC.

4. Responsibilities

(1) Finance Department : Handling operations of acquisition, custody, or disposal of negotiable securities and derivative.

(2) Administration Department : Handling operations of acquisition and disposal of intangible assets of patent, copyrights, trademark, and franchise, etc. Or Right-of-use assets.

(3) Procurement Section : Handling acquisition of membership cards, real estate, equipment, or right-of-use assets.

(4) HR & General Affairs Section : Handling operations of management, conservation, renovation, and disposal of membership cards, real estate, equipment, or right-of-use assets.

(5) Accounting Department : Handling accounting and inventory processes of acquisition or disposal of assets.

(6) Auditing Department : Handling auditing of acquisition or disposal processes of assets.

5. Operation Content

(1) Operating Procedure of Acquisition or Disposal of Negotiable Securities

(i) Assessment Procedure

A. Any acquisition or disposal of negotiable securities shall proceed with feasibility evaluation by execution unit before execution.

B. Method of price decision and reference foundation :

(A) Any acquisition or disposal of negotiable securities shall obtain the latest financial statements audited and certified, or reviewed by accountant as reference of trading price

assessment. For any of the following conditions and transaction amount achieves 20% of corporate paid-in capital or NT\$300,000,000 and above, before date of occurrence the accountant shall be consulted for comment on reasonability of trading price. In case the accountant needs report from expert, kindly proceed in accordance with Rule #20 of Statement of Auditing Standards by Certified Public Accountants issued by Accounting Research and Development Foundation (hereinafter refers to as ARDF). However, any negotiable securities with open quotation to activate the market, or other stipulations of FSC are not subject to this limitation.

- a. Acquisition or disposal of negotiable securities which are not traded at stock exchange or securities agencies.
 - b. Acquisition or disposal private placement of securities.
 - c. The calculation of preceding transaction amount shall proceed in accordance with the calculation rules of (7) Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction. Professional valuation report or comment from accountant obtained can free this procedure from this stipulation.
- (B) Any acquisition or disposal of negotiable securities traded at TWSE or securities agencies shall be decided in accordance with price of stock or bonds at that time.
- (C) Any acquisition or disposal of negotiable securities from non-TWSE or non-securities agencies shall be taken into consideration of its net value per share, profitability, potential development in the future, market interest rate, bonds face interest, and credit standing of debtor, etc. Comment from CPA and present trading price shall be reference for negotiation of trading price.

(ii) Quota of investment

- A. The transaction amount of corporate investments in individual negotiable securities shall not exceed the latest net profit on financial statements certified or reviewed by accountant.
- B. The transaction amount of corporate investments in individual negotiable securities shall not exceed the latest net value on financial statements certified or reviewed by accountant.

(iii) Operation procedure

- A. Authorization quota and level : The acquisition or disposal of negotiable securities by the company shall be assessed by execution unit before submission to President for approval. The Board shall be reported afterwards.
- B. Execution unit : The investment in negotiable securities of the company shall follow the preceding authorization quota and gain approval by executives before conducting related

transaction by each responsible department in accordance with corporate internal control system.

(2) Operating procedure of acquisition or disposal of real estate, equipment, or right-of-use assets.

(i) Assessment procedure

- A. Any acquisition of real estate, equipment, or right-of-use assets shall proceed with a capital expenditure plan to be made in advance by usage department for feasibility evaluation before finance department making budget of capital expenditure to be executed and controlled in accordance with content of plan.
- B. Any disposal of real estate, equipment, or right-of-use assets shall proceed with a feasibility evaluation by usage department before approval of execution.
- C. The method of price decision and reference bases : Any acquisition or disposal of real estate, equipment, or right-of-use assets asset shall proceed with declared present value, assessed present value, and actual trading price of adjacent real estate. The preceding prices shall be inquired, compared, and negotiated before decision of price.

(ii) Investment quota

The transaction amount of all purchases of real estate, equipment, or right-of-use assets for non-operating purposes by the company shall not exceed 30% of latest net value on financial statements certified or reviewed by accountant.

(iii) Suggestion from expertise

Except for transaction with a domestic government agency, contracted construction on own land, contracted construction on leased land, or acquisition and disposal of equipment or right-of-use assets for operating purposes, any acquisition or disposal of real estate, equipment, or right-of-use assets whose transaction amount achieves 20% of company's paid-in capital, or NT\$300,000,000 and above shall obtain valuation report from professional valuer before occurrence (requirements of valuation report are stated on Annex 1), and shall conform to following stipulations :

- A. In case any price ceiling, specific price, or special price must be referred for special reasons, the transaction shall be proposed to the Audit Committee and the Board for resolution. The above procedures shall also be followed in case the transaction terms are changed subsequently.
- B. Any transaction amount up to NT\$1,000,000,000 and above shall proceed with at least 2 valuation reports from professional appraiser.
- C. Except for higher valuation result of acquired asset than transaction amount, or lower valuation result of disposed asset than transaction amount, for any of the following

conditions of valuation results from professional appraiser the accountant shall be requested to proceed with Rule #20 of Statement Of Auditing Standards issued by ARDF, and shall express consolidated opinions with respect to the reasons for difference and the propriety of trading price :

(A)The transaction amount has 20% difference or more from valuation result.

(B)The valuation results of two professional appraisers have 10% difference or more from transaction amount.

D. The calculation of preceding transaction amount shall proceed in accordance with the calculation rules of (7)Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction. Professional valuation report or comment from accountant obtained can free this procedure from this stipulation.

E. The date of professional valuation report shall not be 3 months earlier than the contract date. In case it is applicable for the same issued declared present value and has not exceed 6 months, the original professional appraiser shall be requested for suggestion.

F. Any acquisition or disposal of asset by the company through auction process by the court shall use proof document from court to replace appraisal report or CPA's comment.

(vi)Operating procedure

A. Authorization quota and level :

The corporate acquisition or disposal of real estate, equipment, or right-of-use assets shall proceed with stipulations of "Group Delegation Of Authorization Table" within authorization scope for execution unit to assess and conduct transaction. The Board shall be reported afterwards. Any transaction exceeding authorization scope shall be assessed by execution unit before approval by the Board for execution.

B. Execution unit : Any acquisition or disposal of real estate, equipment, or right-of-use assets shall proceed with preceding authorization quota for approval by executives before conducting related transaction by each responsible department in accordance with corporate internal control system.

(3)Operating procedure of transaction with relevant party

(i)Any acquisition or disposal of asset by the company from relevant party shall proceed in accordance with Article 2 on Chapter 5, and this stipulation to conduct related resolution procedure and assessment on reasonability of transaction conditions. Besides, any transaction amount exceeding 10% of corporate total assets shall proceed in accordance with Article 2 on Chapter 5 to obtain valuation report issued by professional appraiser, or comment from

accountant. Not only legal form but also substantial relationship shall all be taken into consideration on judging whether trading object is relevant party or not.

(ii) Except for transaction of domestic government bonds, buy-back or sell-back conditioned bonds, subscription or buy-back of MMF issued by domestic securities investment trust enterprises, any corporate acquisition or disposal of real estate or right-of-use assets from relevant party, or other assets with transaction amount up to 20% of company's paid-in capital, or 10% of total assets, NT\$300,000,000 shall be reported to the Audit Committee and the Board with related documents for approval before signing transaction contract and making of payment :

- A. The purpose, necessity, and estimated benefits of acquisition or disposal of assets.
- B. The reasons for choosing relevant party as trading object.
- C. Any acquisition of real estate or right-of-use assets from relevant party shall obtain related data of real estate in accordance with the stipulations of Article 3.(3) and 3.(4) of Chapter 5 to assess reasonability of pre-set trading conditions.
- D. Matters about the original date & price obtained by relevant party, trading object, and the relationship between relevant party and the company.
- E. The monthly estimation of cash revenue and expenditure for 12 months from the contract month. And necessity of transaction and reasonability of fund applications shall be assessed as well.
- F. The valuation report from professional appraisers or comment from accountant shall be obtained in accordance with Article 2 of Chapter 5.
- G. The limiting conditions of this transaction and other important covenants.

The calculation of preceding transaction amount shall proceed in accordance with the calculation rules of (7) Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction. Items that have been previously approved by the Audit Committee and the Board need not be counted toward the transaction amount.

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

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

In case the company set up independent directors, each independent's opinion shall be fully considered when matters regarding Article 3.(2) on Chapter 5 have been proposed to the Board for discussion. Any counter advice or qualified opinion from independent directors shall be recorded on meeting journal of the Board.

Before the company submits a resolution to the board of directors in accordance with Article 3.(2) of Chapter 5, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may implemented if approved by more than two thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors meeting.

(iii) Any acquisition of real estate or right-of-use assets by the company from relevant party shall proceed in accordance with following methods to assess the reasonability of transaction costs :

- A. The trading price of relevant party shall plus necessary capital interest and costs incurred for the purchaser by law. The so called necessary capital interest costs shall be calculated by the weighted average interest rate of loans in the purchased year of asset by the company. However, it shall not be higher than highest loan interest rate for non-financial industry declared by MOF.
- B. In case the relevant party has a loan from financial institution with mortgage by the object and the actual loan value achieve 70% of total loan evaluation with loan period for over 1 year, and financial institution is mutual relevant party with any of trading parties shall not be applicable to this stipulation.

For joint purchase or lease with relevant party of the same objective land and building, one of the preceding methods shall be used for respective valuations on transaction costs of land and building.

For any acquisition of real estate or right-of-use assets by the company from relevant party, the accountant shall be requested to review for consolidated comment on assessment of real estate or right-of-use assets costs in accordance with the stipulations , in accordance with Article 3.(3) paragraph 2 、 3 on Chapter 5.

Any of the following circumstances during acquisition of real estate or right-of-use assets by the company from relevant party shall proceed with Article 3.(2). The preceding stipulations of this article are not applicable :

- A. The relevant party acquired real estate or right-of-use assets because of heritage or bestowal.

- B. The contract date when relevant party acquired the real estate or right-of-use assets from the contract date of this transaction has exceeded 5 years.
- C. Any acquisition of real estate by contracting relevant party to build real estate for joint construction, contracted construction on own land, and contracted construction on leased land.
- D. The real property right-of-use assets for business use are acquired by the 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.

(vi) In case the valuation results by the company in accordance with Article 3.(3) are lower than actual trading prices, the Article 3.(5) shall be followed to proceed. However, following circumstances with objective evidence and consolidated comments on reasonability from professional real estate values and accountant are not subject to this limitation :

- A. In case the relevant party acquired solid ground or leased a ground for construction, one of the following requirements shall be conformed to with proposed evidence :
 - (A) The solid ground has been evaluated in accordance with the methods of preceding stipulations. The building shall add reasonable construction profit in accordance with construction costs of relevant party. And the total sum exceeds actual trading price. The so called reasonable construction profit shall be the lower of average operating gross profit rate for the recent 3 years of the relevant party's construction department, or the latest gross profit rate in construction industry announced by MOF.
 - (B) The trading cases with non-relevant party of other floors of the same objective building and land, or adjacent regions whose trading conditions are estimated equivalent after valuations are done compared to reasonable floors and price differences by region in accordance with real estate trading conventions.
- B. The company has proof of purchasing real estate or right-of-use assets from relevant party of similar area whose trading conditions are equivalent to other trading cases with other non-relevant party in adjacent region.

In principle, the so called trading cases of adjacent regions in preceding article shall be the same or adjacent block which is distant from trading object for less than 500 meters with identical declared present value. The so called of similar area shall be, in principle, the trading cases whose areas are not less than 50% of trading object. The so called a year basis shall be traced back for 1 year from the occurrence date of this transaction for the real estate or right-of-use assets.

(v) Any acquisition of real estate or right-of-use assets by the company from relevant party whose valuation results in accordance with Article 3.(3) and 3.(4) are lower than actual trading prices shall proceed with the following items:

A. A special reserve shall be appropriated by trading price of real estate or right-of-use assets and valuation cost difference in accordance with Paragraph 1 on Article 41 of Securities and Exchange Act. No distributions or transfer shares of capital increase are allowed. For any investment valued by equity method, a special reserve shall also be appropriated by the certain share ratio appropriated in accordance with Paragraph 1 on Article 41 of Securities and Exchange Act.

B. The independent director of the Audit Committee shall proceed in accordance with Article 218 of Company Act.

C. The handling situations of preceding two subparagraphs shall be proposed to the Board with detail transaction content disclosed on annual report and prospectus.

The special reserve can be used only when the purchased or leased asset at high price has been recognized as depreciation loss, or being disposed, or being compensated appropriately, or being restored, or with other evidence showing no unreasonable matters and the company has appropriated special reserve in accordance with preceding stipulations with consent from FSC, Executive Yuan.

Any acquisition of real estate or right-of-use assets by the company from relevant party with other evidence showing the transaction is abnormal for operating conventions shall proceed with the preceding two stipulations.

(4) Operating procedure of acquisition or disposal of intangible assets or right-of-use assets or membership cards

(i) Assessment procedure

A. Any acquisition or disposal of intangible assets or right-of-use assets or membership cards shall be assessed by usage department for feasibility evaluation to be approved before execution.

B. The method of price decision and reference bases: For any acquisition or disposal of intangible assets or right-of-use assets or membership cards, the asset management department shall refer to fair market prices with evaluation report from expert before price decision after price inquiries, comparisons, and negotiations.

(ii) Investment quota

The total transaction amount of the company for purchase of intangible assets or right-of-use assets or membership cards shall not exceed 30% of net value of latest financial statements certified or reviewed by accountant.

(iii) Suggestion from expertise

Except for transaction with a domestic government agency, any corporate acquisition or disposal of intangible assets or right-of-use assets or membership cards with transaction amount up to 20% of company's paid-in capital, or NT\$300,000,000 and above, accountant shall be consulted for comment on reasonability of transaction price before occurrence. And the accountant shall proceed in accordance with Rule #20 of Statement Of Auditing Standards issued by Accounting Research and Development Foundation.

The calculation of preceding transaction amount shall proceed in accordance with the calculation rules of (7) Calculation Of Transaction Amount stated on Chapter 5. The year basis shall be traced back for 1 year based on the occurrence date of this transaction.

Professional valuation report or comment from accountant obtained can free this procedure from this stipulation.

(vi) Operating procedure

A. Authorization quota and level:

The corporate acquisition or disposal of intangible assets or right-of-use assets or membership cards shall proceed with stipulations of "Group Delegation Of Authorization Table" within authorization scope for execution unit to assess and conduct transaction. The Board shall be reported afterwards. Any transaction exceeding authorization scope shall be assessed by execution unit before approval by the Board for execution.

B. Execution unit: The corporate acquisition of intangible assets or right-of-use assets or membership cards shall follow the preceding authorization quota and shall gain approval by executives before conducting related transaction by each responsible department in accordance with corporate internal control system.

(5) Operating procedure of transaction of derivatives

(i) Trading principle and guideline

The trading property of the company for derivatives can be divided by purpose into two kinds of "Hedge Strategy" and "Financial" to be applicable to different risk restrictions, mandatory stop-loss point, and accounting process principle. The former denotes lower risks of existing assets, liabilities, irrevocable commitment, or forecast transaction by trading derivatives. The later denotes earnings and risk bearings out of price differences of commodity trading by holding or issuing derivatives.

A. Transaction types :

The derivatives which the company may operate include Forwards, Options, Futures, Swaps, Warrants, and composite contract of preceding products.

B. Operating or hedge strategy :

The foreign currency position of the company shall be operated based on net position.

Trading of derivatives shall act for risk mitigation. The trading products shall choose those who can mitigate risks of corporate business.

C. Essentials of performance assessment :

(A) Hedge transaction shall be regularly assessed twice every month. Financial transaction shall be regularly assessed once every week. The assessment reports shall be presented to authorized executives of the Board.

(B) The assessment base of hedge transaction performance shall be assessed by profits and losses through comparing the interest costs of face amount with trading of derivatives every week. The summary report of this position shall be made for reference of the management.

D. Stipulation of contract total amount and upper limit of losses :

(A) Contract total amount :

Hedge currency rate trading quota: The trading department shall control overall position of the company in order to mitigate risk of currency trading. The trading amount of derivatives of hedge currency rate shall not exceed the upper limit of total import/export trading amount of the company plus the expected due balance of foreign currencies in the next 6 months. In case the transaction exceeds the upper limit, of the soonest meeting of the Audit Committee and the Board shall be reported for approval.

Hedge interest rate trading quota: The trading amount shall not exceed the upper limit of total loans at every currency by the company plus total amount of expected corporate bonds to be issued by the company in the next 6 months. As needed the trading department shall make hedge trading plan of interest rates for approval by authorized executives and the President before execution. In case the transaction

exceeds the upper limit, of the soonest meeting of the Audit Committee and the Board shall be reported for approval.

Financial transaction trading quota: Based on the prediction of market change circumstances, as needed the trading department shall make trading plan for currency rates and interest rates. Each transaction must be approved by authorized executives and the President for approval before execution. The total trading amount shall not exceed the upper limit of 10% of corporate net value. In case the transaction exceeds the upper limit, of the soonest meeting of the Audit Committee and the Board shall be reported for approval.

(B) Stipulation of upper limit of overall and individual contract losses:

Hedge trading

Individual: The upper limit is 20% of contract amount. Special circumstance shall be reported to the President for approval.

Overall: The upper limit is 20% of total contract amount.

Financial trading

The upper limit of losses for overall and individual contract losses shall not exceed 5% of trading amount. In case the losses exceed 5% of trading amount, the President must be reported immediately and shall report to the latest Board in order to negotiate necessary counter measures.

(ii) Assessment procedure

The trading department shall regularly calculate the position and gather market information for judgment of trends and risk assessment before forming operating strategies for authorized executives to approve as a base for transaction.

(iii) Operating procedure

A. Authorization quota, level, and execution unit :

(A) Trading quota of Hedge currency rate derivatives :

The authorized trading personnel and quota of derivatives :

Decision maker	Quota of each transaction	Daily quota	Accumulative quota of net position without being write-off
President	US\$5,000,000	US\$15,000,000	US\$50,000,000
General Manager	US\$3,000,000	US\$10,000,000	US\$30,000,000

Any transaction exceeds the above authorization shall be approved by latest Board.

Any transaction of the above authorization shall be approved before and after deal is closed.

- (B)The trading quota of Hedge interest rate derivatives: Each transaction shall be approved by authorized executives and the President before execution. The total trading amount shall not exceed Paragraph D on Article 5.(1). Any transaction exceeding the above authorization shall be approved by latest Board.
- (C)Trading quota of financial transaction: Each transaction shall be approved by authorized executives and the President before execution. The trading quota shall not exceed Paragraph D on Article 5.(1). Any transaction exceeding the above authorization shall be approved by latest Board.
- (D)Any transaction of derivatives by the company shall be conducted by related authorized personnel of this procedure and shall be reported to latest Board.

B. Transaction processes

- (A)Confirm trading position
- (B)Analysis on related trends and judgment
- (C)Decision making on consolidated method of Hedge
- (D)Obtaining transaction approval
- (E)Execution of transaction

Trading object: Mostly shall be primary financial institutions which have business with the company.

Trading personnel: The authorized trading personnel of derivatives of the company shall gain approval from General Manager before informing the trading financial institutions. Other personnel then the preceding is not allowed to operate the transaction.

- (F)Confirmation of transaction: As soon as transaction is completed by trading personnel, the trading receipt shall be filled for independent confirmation personnel to check whether trading conditions match trading receipts before approval by authorized executives.

- (G)Handling of accounting affairs: Accounting department shall make accounting entries and register the transaction on account books in accordance with delivery bookkeeping notes and related trading certificates.

(H)Delivery: After the transaction has been confirmed without error, the trading department shall prepare payment and related receipts on delivery date to be delivered at negotiated prices.

(vi)System of internal control

A. Scope of risk management

(A)Credit risk: The trading objects shall mostly be primary financial institutions which have business with the company, and, in principle, shall be able to provide professional information. The trading positions must be dispersed into diverse banks in order to mitigate risks.

(B)Market risk: The company shall keep close contact with foreign currency department of each bank in order to control the trends of market. Regular performance assessments shall be conducted and stop-loss positions shall be monitored.

(C)Liquidity risk: In order to ensure liquidity of transaction, the selection of derivatives shall mostly be those with higher liquidity. For trading banks, those with large trading amounts and stronger quotation ability shall be chosen.

(D)Cash flow risk: The management of corporate cash flow shall consider agreements of derivatives trading contracts. Advanced planning and funds procurement are needed so as to mitigate cash flow risks due to performance of contracts.

(E)Operational risk: The authorization quota and operating procedure must be strictly followed so as to mitigate operational risks.

(F)Legal risk: Before signing any document with bank, it shall be reviewed in advance by trading department, specialty legal personnel, or legal advisor in order to mitigate legal risks.

(G)Product risk: Internal trading personnel and competing banks shall have complete and correct professional knowledge about the derivatives being traded. Full disclosure of potential risks is required from bank in order to prevent losses out of misuse of derivatives.

B. Supervision and control over measurement of risks

(A)Trading, confirmation, delivery, and account personnel cannot mutual concurrently. The measurement, supervision, and control of risks must be handled and reported to the Board by different personnel.

(B)Regular assessment: The holding position of financial transaction shall be assessed once every week. However, Hedge transaction for business purpose shall at least be assessed

for twice every week. The assessment report shall be submitted to the authorized executives by the Board.

(v) Responsibility of management

A. Supervision and management of the Board

(A) High-level executives shall be appointed to monitor and control transaction risks of derivatives.

(B) Performance of derivatives transaction shall be regularly assessed to see whether it matches corporate settled business strategy or not, and if the risks born are within tolerable scope by the company.

B. The management principle of authorization for high-level executives by the Board

(A) The present measures for risk management shall be regularly assessed to see whether they are appropriate or not, and if they proceed assuredly in accordance with " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " issued by the Financial Supervisory Commission, Executive Yuan and this operating procedure.

(B) When supervising transaction, loss and profit conditions, necessary measures must be taken for any abnormal situations found (in case the holding position exceeds upper limit, or upper limit of losses) and the Audit Committee and the Board must be reported immediately.

(C) A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

(D) In case any directly or indirectly 100% owned subsidiary involves in transaction of derivatives, the performance report must be submitted to latest Board of subsidiary or parent company.

(E) The personnel in charge of approval and supervision of transaction shall be regularly assessed to see whether they are eligible to the job or not, and if appropriate trainings have been given to them.

(F) The company of the Board must be attended by independent directors to express opinion.

(6) Internal auditing system

A. A memorandum book shall be established and reviewed for derivatives transaction by the company in order to record in detail the types, amounts, approval dates by the Board, and other matters to be carefully assessed in accordance with Article (4).B.(B) & (5).A.(B) & (5).B.(A) of derivatives transaction.

- B. The internal auditing personnel shall regularly understand the internal control propriety of derivatives transaction. Every month the auditing department of derivatives transaction shall prepare audit report in accordance with compliance conditions with this operating procedure. The Audit Committee shall be informed in written of any significant violation found.
- C. The Company's Subsidiaries have the rules governing assets acquisition or disposition defined in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies;" also, it is approved by the Board of Directors of the subsidiary for resolution and same is the amendment..

(6) Operating procedure of corporate merger, demerger, acquisition, and transfer of shares

- (i) Before the resolution by the Board for company to conduct merger, demerger, acquisition, or transfer of shares, the accountant, attorney, or securities agency shall be consulted for opinion on reasonability of conversion ratio, acquisition price, cash dividends for shareholders, or other assets for discussion and retification by the Audit Committee and the Board.

However, the company is free from the above expertise from expert on reasonability in case the company directly or indirectly mergers its subsidiaries whose issued shares or total assets are 100% owned by the company, and the same as the merger of its directly or indirectly 100% owned subsidiaries.

- (ii) Except for other stipulation by law or with advanced consent from the Financial Supervisory Commission, Executive Yuan for special factors, the company's merger, demerger, or acquisition shall be resolved by convening the Board and shareholding meeting on the same date with matters about merger, demerger, or acquisition of other companies.

When the company involves in any transfer of shares, except for other legal stipulations or special factors with advanced consent from the Financial Supervisory Commission, Executive Yuan, the Board shall be convened on the same date with other companies involving with the shares transfer.

The public offerings of merger, demerger, acquisition, or transfer of shares, or any company whose stock shares have been traded at securities agencies shall make complete written records of following data for safekeeping for 5 years to be checked afterwards:

- A. General profile of personnel: Including job titles, names, and person ID numbers (passport numbers for foreigners) of all personnel involving in the scheme, or execution of scheme of merger, demerger, acquisition, or transfer of shares before announcement of the news.

B.Dates of important matters: Including the dates when letter of intent or memorandum were signed, commission of financial or legal advisors, signing contract, and the Board.

C.Important letters and meeting journal: Including letters and documents about schemes of merger, demerger, acquisition, transfer of shares, letter of intent or memorandum, important contract, and meeting journal of the Board, etc.

The public offerings of merger, demerger, acquisition, or transfer of shares, or any company whose stock shares have been traded at securities agencies shall prepare data of preceding item A and B within two days after resolutions are approved by the Board to be declared to the Association via Internet IT system for the Financial Supervisory Commission further review. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 6.(2) paragraph 3、4 on Chapter 5, and the preceding article.

- (iii)When the company involves in any merger, demerger, or acquisition, before shareholders meeting the important agreed contents and related matters shall be made into public documents along with Article 6.(1) Suggestion from expertise, and notification of shareholders meeting to be submitted to every shareholder as reference to decide whether proceed the certain merger, demerger, or acquisition or not. However, by law any merger, demerger, or acquisition matters which are free from resolution by shareholders meeting are not subject to this limitation. When the company involves in merger, demerger, or acquisition, in case any party's shareholders meeting is postponed, unable to resolve, or denied by shareholders meeting due to lack of attendance, insufficient voting power, or other legal restrictions, the company must immediately make statement on reasons for occurrence, follow-up processing operation, and estimated date of next shareholders meeting.
- (iv)All personnel involving in or knowing the corporate merger, demerger, acquisition, or transfer of shares shall sign written confidentiality commitment. Before announcement of news, the content of scheme must neither be revealed nor can any purchase of stock, or other negotiable securities with the same stock property be made in other's name of all related companies with respect to the case of merger, demerger, acquisition, or transfer of shares.
- (v)Except for following conditions, the company's involvement in merger, demerger, acquisition, or transfer of shares shall not be changed at will. And the contract of merger, demerger, acquisition, or transfer of shares must be stated with conditions of change:

- A. Conducting cash increment, issuing convertible bonds, stock grants, issuing corporate bonds of stock options, preferred shares with warrants, stock option certificates, and other negotiable securities with the same stock property.
 - B. Any act such as disposal of important assets of the company which may influence financial business of the company.
 - C. Occurrence of major disaster, or significant revolution of technology, etc which may influence shareholders' interest or stock price.
 - D. By law, the adjustment through buy-back of treasury stock by any party of the companies involving with merger, demerger, acquisition, or transfer of shares.
 - E. The subjects or number of companies involving with the merger, demerger, acquisition, or transfer of shares have increased or decreased.
 - F. Any other conditions settled in the contract which can be changed and have already been announced in public.
- (vi) When the company involves in merger, demerger, acquisition, or transfer of shares, the contract shall be expressly stated with the rights and obligations of those companies involving with the merger, demerger, acquisition, or transfer of shares as well as the following matters:
- A. Handling of default.
 - B. The handling principle of merged, or demerged company who had previously issued negotiable securities with property of stock rights, or had purchased treasury stock.
 - C. By law, the treasury stock number to be buy-back and its handling principle of participating companies who shall proceed after calculation of conversion ratio base date.
 - D. The handling methods when participating subjects or number of companies have increased or decreased.
 - E. The progress of plan execution and estimated date of accomplishment.
 - F. Related processing procedure of convening date of shareholders meeting by law in case the plan fails to accomplish on schedule.
- (vii) When the company involves in merger, demerger, acquisition, or transfer of shares, in case the company plans to conduct merger, demerger, acquisition, or transfer of shares with other companies after the news go public, except for decrease of participating companies and shareholders meeting has resolved and authorized the Board with authorization of change, the participating companies are free from resolutions by convening shareholders meetings. The completed procedure or legal acts regarding original merger, demerger, acquisition, or transfer of shares shall be repeated by all participating companies.

(viii) When any company involving in merger, demerger, acquisition, or transfer of shares doesn't belong to public company, the company shall sign agreement with that company to proceed in accordance with stipulations of Article 6.(2) & 6.(4) & 6.(7).

7. Disclosure of information

(i) When the company acquires or disposes any asset, any of following conditions shall be declared in regulated format with related information within 2 days after occurrence to proceed on designated website of the Financial Supervisory Commission, Executive Yuan:

- A. The company acquires/disposes real estate or right-of-use assets from relevant party, or acquires/disposes other assets other than real estate with a transaction amount up to 20% of company's paid-in capital, or 10% total assets, or NT\$300 million and above for the purpose of acquisition/disposal of real estate. However, transaction of domestic government bonds, buy-back or sell-back conditioned bonds, subscription or buy-back of domestic MMF issued by domestic securities investment trust enterprises are not subject to this limitation.
- B. Proceeding with merger, demerger, acquisition, or transfer of shares.
- C. The loss by transaction of financial derivatives achieves the amount upper loss limit of all or respective contract of this processing procedure.
- D. 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, the company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
- E. The company acquires real estate by means of contracted construction on own land, contracted construction on leased land, joint construction for share of houses, joint construction and share by percentage, and furthermore the transaction counterparty is not a related party, joint construction and share by sale with an estimated transaction amount less than NT\$500 million.
- F. Transaction other than the above 5 items, or investment in mainland with a transaction amount up to 20% or company's paid-in capital, or NT\$300 million and above. However, the following conditions are not subject to this limitation :
 - (A) Transaction of domestic government bonds.
 - (B) Transaction with buy-back or sell-back conditioned bonds, subscription or buy-back MMF issued by domestic enterprise of securities, investment, or trust.

The preceding transaction amount shall be calculated by following methods:

- Each transaction amount

- The accumulative trading amount within 1 year with the same counter party for the same property object.
- The accumulative amount within 1 year of acquisition or disposal (acquisition and disposal shall be accumulated respectively) of the same negotiable securities.
- The accumulative amount within 1 year of acquisition or disposal (acquisition and disposal shall be accumulated respectively) of the same development of real estate or right-of-use assets.

The preceding "within 1 year" denotes the occurrence of this transaction date to be regarded as a base and trace back for 1 year. However, any part regarding " Regulations Governing the Acquisition and Disposal of Assets by Public Companies " issued by the Financial Supervisory Commission, Executive Yuan is free from this calculation.

- (ii) On monthly basis, before 10th of every month, in regulated format the company shall declare by entering on designated information declaration website of FCS, Executive Yuan with trading conditions of derivatives transaction by the company and non-public subsidiary occurred by end of last month.
- (iii) By stipulation, the company shall disclose all these items. Any mistake or missing in disclosure of items shall be corrected by supplement within 2 days after occurrence is known. And all corrected items shall be re-applied for disclosure.
- (iv) When the company acquires or disposes any asset, the related contracts, meeting journals, memorandums, valuation reports, opinion books from accountants, attorneys, or securities agencies shall be available in the company. Except for other stipulation by law, the data shall be preserved for at least 5 years.
- (v) When the company declares transaction in accordance with the stipulations of Article 7.(1) & 7.(2) & 7.(3), any of the following conditions shall proceed with declaration with related information within 2 days from occurrence on designated website of FSC, Executive Yuan:
 - A. The original contract of transaction has been changed, terminated, or revoked.
 - B. The merge, demerge, acquisition, or transfer of shares fails to accomplish on schedule.
 - C. The original declared content has changed.

(8) Control procedure of acquisition or disposal of assets by subsidiary

- (i) The investment scope of any subsidiary of the company shall proceed in accordance with the stipulations of Paragraph 1.(2) on Article 5 of this control procedure. The quota of individual purchase of real estate or right-of-use assets and investment in negotiable securities for non-operating purpose is stated as follows:

A. The total trading amounts of any purchasing non-operating real estate or right-of-use assets shall not exceed 30% of net value on latest financial statements of subsidiary certified or reviewed by accountant.

B. The trading amounts of investments in negotiable securities or individual negotiable securities shall not exceed 30% of net value on latest financial statements of subsidiary certified or reviewed by accountant.

(ii) In case the subsidiary of the company is not public in domestic stock market, any acquisition or disposal of assets shall be declared by the company in accordance with the stipulations of Article 7.

The preceding stipulation regarding any subsidiary which is subject to Article 7.(1) to be declared with 20% of paid-in capital, or 10% of total assets shall be calculated on basis of the company's paid-in capital or total assets.

The stipulations of this processing procedure regarding 10% of total assets shall be calculated by total assets amount stated on latest individual or respective financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

The calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent.

(9) 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:

(i) 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.

(ii) May not be a related party or de facto related party of any party to the transaction.

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

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

- (ii) 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.
- (iii) 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.
- (iv) 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.
- (10) In case 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.
- (11) Any violation by corporate manager or person in charge of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission, Executive Yuan and stipulations of this processing procedure shall be proposed for examination in accordance with corporate HR management methods to be punished by gravity of situations.
- (12) This processing procedure has been approved by the Audit Committee and submitted to the Board and shareholders meeting for approval and execution.
- When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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.
- The procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
- The procedures terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Nishoku Technology Inc. Shareholding of Directors

1. In accordance with Article 26 of “Regulations Governing Content and Compliance Requirements for Shareholders’ Meeting Agenda Handbooks of Public Companies, the lowest shareholding of all Directors shall be 5,014,098 shares.
2. The total shareholding of all Directors recorded in the shareholders’ register has met the legal standard for percentage of shareholding.
3. The Company had set up Audit Committee, so there is no applicable for the minimum required of shareholdings of supervisors by law.
4. The shareholdings of Directors:

Title	Name	Elected Date	Tenure	Shareholding when elected		Shares held as of date for suspension of share transfer	
				No. of Shares	Percentage of shareholdings	No. of Shares	Percentage of shareholdings
Chairman	Ghi Yang Investment Limited Rep.: Chen, Piao-Fu	Jun. 18, 2019	3 years	1,839,621	2.95%	1,880,621	3.00%
Director	Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng	Jun. 18, 2019	3 years	2,243,956	3.60%	2,263,956	3.61%
Director	Heng Sheng Investment Limited Rep.: Wu, Ying-Lan	Jun. 18, 2019	3 years				
Director	Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien	Jun. 18, 2019	3 years	1,855,308	2.98%	1,855,308	2.96%
Director	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi	Jun. 18, 2019	3 years	2,683,082	4.31%	2,683,082	4.28%
Director	Chang Shun Investment Limited Rep.: Fan, Chia-Wen	Jun. 18, 2019	3 years	2,705,932	4.34%	2,705,932	4.32%
Total shareholdings of all Directors				11,327,899	18.18%	11,388,899	18.17%
Independent Director	Ko, Shun-Hsiung	Jun. 18, 2019	3 years	0	0.00%	0	0.00%
Independent Director	Chan, Chin-Hung	Jun. 18, 2019	3 years	0	0.00%	0	0.00%
Independent Director	Lin, Horng Chang	Jun. 18, 2019	3 years	0	0.00%	0	0.00%
Total shareholdings of all Independent Directors				0	0.00%	0	0.00%

Note: As of the date for suspension of share transfer of this Shareholders’ Meeting, April 17, 2022, the Company’s total issued share of 62,676,229 shares.