

ITEQ

Innovation, Teamwork, Excellence, Quality

ITEQ Corporation

2022 Annual Meeting of Shareholders Meeting Handbook

(Translation)

Time: 9:00 a.m. on June 14, 2022 (Tuesday)

Location: No. 17, Daluge Rd., Xinpu Township,
Hsinchu County 30544, Taiwan (R.O.C.)

Notice to Readers:

For the convenience of readers, the Meeting Handbook has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

ITEQ Corporation

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ITEQ Corporation
2022 Annual Meeting of Shareholders

Agenda

Meeting Time: 9:00 a.m. on Tuesday, June 14, 2022

Place: No. 17, Daluge Rd., Xinpu Township, Hsinchu County 30544, Taiwan (R.O.C.)

Meeting Method: Physical Shareholders' Meeting

Meeting Chairperson: Mr. Chin-Tsai Chen, Chairperson of the Board

Meeting Called to Order

Chairperson's Remarks

I. Management Presentations

(I) 2021 Business Report.

(II) Audit Committee's Review Report on the 2021 Financial Statements.

(III) Report on the 2021 Distribution of Remuneration for Employees and Directors.

(IV) Report on the 2021 Profit Distribution in the Form of Cash Dividends.

II. Adoptions

(I) 2021 Business Report, Financial Statements, and Profit Distribution Table.

III. Discussions

(I) The Amendments to the Articles of Incorporation.

(II) The Amendments to the Rules and Procedures of the Shareholders' Meeting.

(III) The Amendments to the Procedures for the Acquisition or Disposal of Assets.

IV. Extempore Motions

V. Adjournment

I. Management Presentations

Report No. 1

Subject: 2021 Business Report

Explanation: Please refer to Appendix I of this Handbook (page 5) for the 2021 Business Report.

Report No. 2

Subject: Audit Committee's Review Report on the 2021 Financial Statements

Explanation:

- I. Please refer to Appendix II of this Handbook (page 8) for the Audit Committee's Review Report.
- II. The Convener of the Audit Committee is hereby requested to read out the Review Report.

Report No. 3

Subject: Report on the 2021 Distribution of Remuneration for Employees and Directors

Explanation:

- I. This matter is handled in accordance with Article 27 of the Articles of Incorporation of ITEQ Corporation (the "Corporation" or "Company").
- II. The pretax earnings of the Corporation for 2021 was NT\$3,380,458,202 (excluding the remuneration for directors and employees). The total remuneration for directors was NT\$50,706,873 (1.5% of pretax earnings) and for employees was NT\$219,729,783 (6.5% of pretax earnings), all of which was distributed in cash and was identical to the recognized expense.
- III. The aforementioned amounts of remuneration have been reviewed and approved by the Remuneration Committee on March 16, 2022 and also approved by resolution of the Board of Directors on the same day.

Report No. 4

Subject: Report on the 2021 Profit Distribution in the Form of Cash Dividends

Explanation:

- I. In accordance with Article 27-1 of the Articles of Incorporation of the Corporation, all or part of the distributable dividends and bonuses may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors with attendance of at least two-thirds of the total Directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- I. The proposed total amount of cash dividends to be distributed is NT\$1,914,786,090, at NT\$5.0 per share, and the calculation is rounded to the nearest NT dollar with no decimal. The rounded off amount is accounted as the Corporation's other income.
- II. Upon approval by resolution of the Board of Directors, the Chairperson of the Board is authorized to fix an ex-dividend record date, payment date and other related matters. In the event of any subsequent buy-back of the Corporation's shares, transfer or cancellation of treasury shares, conversion of convertible bonds, exercise of employee stock options, or other increase or decrease in shares which affects the number of outstanding shares and result in changes in dividend payout ratio, the Chairperson of the Board is also authorized to handle all relevant matters thereof.

II. Adoptions

Proposal 1 (Proposed by the Board of Directors)

Subject: 2021 Business Report, Financial Statements, and Profit Distribution Table

Explanation:

- I. The Corporation's 2021 individual and consolidated financial statements have been reviewed by Cheng-Hsiu Yang and Po-Jen Weng, CPAs of Deloitte & Touche, and concluded with an audit report without any reservation. These financial statements along with the 2021 Business Report and 2021 Profit Distribution Table have also been approved by resolution of the Board of Directors and reviewed by the Audit Committee, with a review report on record.
- II. Please refer to Appendix I (page 5) and Appendix III (page 9) of this Handbook for the 2021 Business Report, CPA Audit Report, Financial Statements, and Profit Distribution Table.
- III. The above-mentioned items are submitted hereby for ratification by shareholders.

Resolution:

III. Discussions

Discussion 1 (Proposed by the Board of Directors)

Subject: The Amendments to the Articles of Incorporation

Explanation:

- I. In order to comply with the recently amended Company Law and due to the business needs of the Corporation, some amendments to the Articles of Incorporation have been proposed.
- II. Please refer to Appendix IV of this Handbook (page 30) for the Comparison Table of the Amendments to the Articles of Incorporation.

Resolution:

Discussion 2

(Proposed by the Board of Directors)

Subject: The Amendments to the Rules and Procedures of the Shareholders' Meeting

Explanation:

- I. In order to comply with the recently amended law and due to the needs of the Corporation, some amendments to the Rules and Procedures of the Shareholders' Meeting have been proposed.
- II. Please refer to Appendix V of this Handbook (page 38) for the Comparison Table of the Amendments to the Rules and Procedures of the Shareholders' Meeting.

Resolution:

Discussion 3

(Proposed by the Board of Directors)

Subject: The Amendments to the Procedures for the Acquisition or Disposal of Assets

Explanation:

- I. In accordance with Order No. 1110380465 issued by the Financial Supervisory Commission (FSC) on January 28, 2022, some amendments to the Procedures for the Acquisition or Disposal of Assets have been proposed.
- II. Please refer to Appendix VI of this Handbook (page 46) for the Comparison Table of the Amendments to the Procedures for the Acquisition or Disposal of Assets.

Resolution:

IV. Extempore Motions

V. Adjournment

2021 Business Report

I. Management Principles

- (I) Focus on the existing business of high-end electronic materials and also extend the integration of high density interconnection and substrate technologies: The Corporation strives to become a leading manufacturer of lead-free, halogen-free, and environmentally friendly materials, high-speed, high-frequency, and low-loss materials, high density interconnection boards, as well as substrate materials, which are used for 5G infrastructure, network communications, data centers, automotive electronics, smartphones, consumer electronics, etc. The Corporation also aims to continuously increase its market share in the high-end copper foil substrate market.
- (II) Quality as the basis for sustainable business development: The Corporation continues to strengthen and improve its quality control system of the supply chain, including raw material supplier management, in-plant process control, and shipment quality and reliability monitoring, in order to meet customers' material regulations and standards, establish comprehensive manufacturing and quality assurance systems and capabilities, reduce quality complaints and cost of sales, improve product yield rate and management efficiency, strengthen the Corporation's quality, as well as increase profitability.
- (III) With the accelerated expansion of the global data sector and the rapid growth of IP traffic, the increasing demands for 5G communications and the Internet have been driving market demands for high-speed transmission and high-density interconnection products; in addition, the market demands for substrates and various terminal applications have also increased. Therefore, ITEQ Corporation continues to invest in the research, development, and marketing of high speed and high frequency materials, high density interconnection boards, and substrate materials for RF/microwave and semiconductor applications. With its expanded production capacities, the Corporation ensures to satisfy the huge market demands for electronic materials through economies of scale.

II. Implementation Overview

With the efforts of all employees, the Company's revenue reached NT\$32.5 billion in 2021, an increase of 27.94% compared to the same period last year. The growth momentum continued mainly due to the rapid development of high-end products (high speed/high frequency/low loss) in 5G network and data center applications as well as the growing terminal demands for Internet communication and consumer electronic products driven by remote work and stay-at-home economy resulted from the COVID-19 pandemic. However, the prices of raw materials were still relatively high, and the capital expenditures of the new Jiangxi plant continued to increase, which caused the gross profit margin to drop from 19.47% in 2020 to 18.38% in 2021; non-business expenses also increased because of the growing financial costs related to the capital expenditures for the expansion of the Jiangxi plant, resulting in a decrease in the net profit margin from 10.49% for the same period last year to 9.67%.

III. Business Plan Implementation Results (Consolidated Statement)

Unit: NT\$1,000

Item	2020	2021	YoY(%)
Operating Revenue	25,421,687	32,524,688	27.94
Gross Profit	4,950,614	5,979,549	20.78
Operating Income	3,218,206	3,819,496	18.68
Non-operating Income (or Expenses)	176,315	(4,793)	(102.72)
Net income after tax	2,665,565	3,144,803	17.98
Net Profit Margin (%)	10.49%	9.67%	—

IV. Performance of operating budget

The Company did not make public its forecast for 2021, so there is no need to disclose the operating budget performance. However, the overall actual operating conditions and performance are generally in line with the Corporation's internal operating plan.

V. Profitability Analysis (Consolidated Statement)

Item	2020	2021
Return on Assets (ROA) (%)	11.09	10.37
Return on Equity (ROE) (%)	23.89	18.12
Ratio of Income to Paid-in Capital (%)	96.66	99.74
Ratio of Net Profit Before Tax to Paid-in Capital (%)	101.95	99.61
Net Profit Margin (%)	10.49	9.67
Earnings Per Share After Tax (NT\$)	8.19	9.00

VI. Research and Development Status

ITEQ Corporation has been cultivating enthusiastically on high-frequency, high-speed, and low transmission loss products for Internet communication infrastructure applications, and is one of the world's leaders in special laminate materials. The Company will continue to optimize and improve the existing low Dk/Df electronic materials for use in various fields, such as data centers, 5G communications, Internet of things, new energy vehicle electronics, etc.

The development of high-speed, high-performance, and compact technologies for various communication products has boosted demands for different thin and build-up layer materials. In 2021, ITEQ Corporation successfully developed special laminate materials such as Prepreg (PP) film and resin coated copper (RCC) with low Dk, low coefficient of thermal expansion, and high dimensional stability, which are suitable for advanced high-end packaging processes due to its high quality and reliability.

ITEQ Corporation continues to advance its core technologies and R&D capabilities in order to develop various high-end and key laminate materials for use in different fields, such as deep learning in artificial intelligence (AI), military/aerospace, 5G IoT, high-end semiconductor packaging processes, autonomous driving, and electric vehicles, working toward becoming a one-stop supplier of electronic materials. While developing new processes and new technologies, we also implement green factor practices to fulfill our corporate social responsibility.

Chairperson of the Board:
Chin-Tsai Chen

Managerial Officer:
Hsin-Hui Tsai

Finance and Accounting Supervisor:
Jung-Tsan Chou

ITEQ Corporation
Audit Committee's Review Report

The Board of Directors has compiled and submitted the 2021 financial statements (including the consolidated and individual financial reports), profit distribution table, and business report, among which the 2021 financial statements have been reviewed by Cheng-Hsiu Yang and Po-Jen Weng, CPAs of Deloitte & Touche, and concluded with an unmodified opinion audit report. The aforesaid financial statements and business report have been examined by the Audit Committee with the conclusion that there was no inconsistency, and we hereby issue this report in accordance with the provisions of the Securities and Exchange Act and the Company Act for review by shareholders.

Sincerely,

ITEQ Corporation

2022 Annual Meeting of Shareholders

Convener of the Audit Committee: Po-Chiao Chou

March 16, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter in the audit of the Group's consolidated financial statements is stated below:

Assessment of Inventory

The inventory of the Group is susceptible to price fluctuations and obsolescence due to changes in demand for finished goods and raw materials caused by price fluctuations in the market. Management estimated the allowance for impairment loss of inventory based on its historical stock sales, and market conditions may also influence management's estimation of the allowance for impairment loss of inventory. Therefore, we identified inventory as a key audit matter. Refer to Notes 5 and 9 to the consolidated financial statements for disclosures on the relevant accounting estimates and uncertainties and other detailed information.

The audit procedures that we performed for inventory were as follows:

1. We obtained an understanding the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.
2. We selected samples from the year-end inventory record details and verified the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.
3. We obtained the slow-moving inventory and the aging report of inventory in detail, analyzed the differences between the current and prior years, and we recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

Other Matter

We have also audited the parent company only financial statements of ITEQ Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chen-Hsiu Yang and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

Notice to Readers

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

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

ITEQ CORPORATION AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,423,278	12	\$ 3,287,134	13
Financial assets at fair value through profit or loss - current (Note 7)	4,618	-	5,696	-
Net accounts receivable and notes receivable (Note 8)	13,260,199	37	10,813,071	42
Other receivables (Note 26)	225,839	1	89,485	-
Current tax assets (Note 22)	32,456	-	911	-
Inventories, net (Notes 9 and 21)	5,166,981	14	3,243,143	13
Other current assets (Note 14)	<u>1,261,998</u>	<u>3</u>	<u>1,165,187</u>	<u>4</u>
Total current assets	<u>24,375,369</u>	<u>67</u>	<u>18,604,627</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 10)	29,687	-	37,655	-
Property, plant and equipment (Note 11)	6,504,769	18	4,529,625	18
Right-of-use assets (Notes 12 and 27)	310,873	1	370,720	1
Intangible assets (Note 13)	8,360	-	8,713	-
Deferred tax assets (Note 22)	293,471	1	193,380	1
Other non-current assets (Notes 14, 18 and 27)	<u>4,714,757</u>	<u>13</u>	<u>1,939,658</u>	<u>8</u>
Total non-current assets	<u>11,861,917</u>	<u>33</u>	<u>7,079,751</u>	<u>28</u>
TOTAL	<u>\$ 36,237,286</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 2,131,144	6	\$ 2,231,446	9
Short-term bills payable, net (Note 15)	-	-	49,985	-
Accounts payable and notes payable	7,121,256	19	4,857,717	19
Other payables (Note 16)	4,259,191	12	1,744,610	7
Current tax liabilities (Note 22)	640,862	2	870,907	4
Provisions - current (Note 17)	17,023	-	31,619	-
Lease liabilities - current (Notes 12 and 27)	49,366	-	54,788	-
Current portion of long-term borrowings (Note 15)	-	-	88,235	-
Other current liabilities (Note 20)	<u>45,963</u>	<u>-</u>	<u>49,454</u>	<u>-</u>
Total current liabilities	<u>14,264,805</u>	<u>39</u>	<u>9,978,761</u>	<u>39</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 12 and 27)	227,546	1	277,342	1
Long-term borrowings, net of current portion (Note 15)	-	-	1,640,000	6
Deferred tax liabilities (Note 22)	396,501	1	358,118	2
Guarantee deposits received	<u>33,696</u>	<u>-</u>	<u>36,503</u>	<u>-</u>
Total non-current liabilities	<u>657,743</u>	<u>2</u>	<u>2,311,963</u>	<u>9</u>
Total liabilities	<u>14,922,548</u>	<u>41</u>	<u>12,290,724</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital	<u>3,829,572</u>	<u>10</u>	<u>3,329,572</u>	<u>13</u>
Capital surplus	<u>9,690,481</u>	<u>27</u>	<u>3,682,051</u>	<u>14</u>
Retained earnings				
Legal reserve	1,885,194	5	1,618,630	7
Special reserve	444,936	1	583,390	2
Unappropriated earnings	<u>5,978,737</u>	<u>17</u>	<u>4,624,947</u>	<u>18</u>
Total retained earnings	<u>8,308,867</u>	<u>23</u>	<u>6,826,967</u>	<u>27</u>
Other items in equity	<u>(514,182)</u>	<u>(1)</u>	<u>(444,936)</u>	<u>(2)</u>
Total equity	<u>21,314,738</u>	<u>59</u>	<u>13,393,654</u>	<u>52</u>
TOTAL	<u>\$ 36,237,286</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>

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

ITEQ CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)	\$ 32,524,688	100	\$ 25,421,687	100
COST OF GOODS SOLD (Note 9)	<u>26,545,139</u>	<u>82</u>	<u>20,471,073</u>	<u>81</u>
GROSS PROFIT	<u>5,979,549</u>	<u>18</u>	<u>4,950,614</u>	<u>19</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	656,981	2	580,739	2
General and administrative expenses	997,089	3	801,485	3
Research and development expenses	510,019	2	393,591	2
Expected credit gain	<u>(4,036)</u>	<u>-</u>	<u>(43,407)</u>	<u>-</u>
Total operating expenses	<u>2,160,053</u>	<u>7</u>	<u>1,732,408</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>3,819,496</u>	<u>11</u>	<u>3,218,206</u>	<u>12</u>
NON-OPERATING INCOME (Notes 21 and 27)				
Other income	77,440	-	73,052	-
Finance costs	(81,127)	-	(76,680)	-
Other gains and losses	<u>(1,106)</u>	<u>-</u>	<u>179,943</u>	<u>1</u>
Total non-operating income and expenses	<u>(4,793)</u>	<u>-</u>	<u>176,315</u>	<u>1</u>
INCOME BEFORE INCOME TAX	3,814,703	11	3,394,521	13
INCOME TAX EXPENSE (Note 22)	<u>669,900</u>	<u>2</u>	<u>728,956</u>	<u>3</u>
NET INCOME FOR THE YEAR	<u>3,144,803</u>	<u>9</u>	<u>2,665,565</u>	<u>10</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	1,883	-	78	-
Unrealized gain on equity investments through other comprehensive income (Note 19)	(7,255)	-	(187)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>510</u>	<u>-</u>	<u>37</u>	<u>-</u>
	<u>(4,862)</u>	<u>-</u>	<u>(72)</u>	<u>-</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 19)	\$ (78,126)	-	\$ 173,255	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	<u>15,625</u>	<u>-</u>	<u>(34,651)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(62,501)</u>	<u>-</u>	<u>138,604</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(67,363)</u>	<u>-</u>	<u>138,532</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,077,440</u>	<u>9</u>	<u>\$ 2,804,097</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 3,144,803</u>	<u>10</u>	<u>\$ 2,665,565</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 3,077,440</u>	<u>9</u>	<u>\$ 2,804,097</u>	<u>11</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	<u>\$ 9.00</u>		<u>\$ 8.19</u>	
Diluted	<u>\$ 8.93</u>		<u>\$ 8.15</u>	

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

(Concluded)

ITEQ CORPORATION AND SUBSIDIARIES

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

	Share capital		Capital Surplus (Note 19)	Retained Earnings (Note 19)		Other Item Equity (Note 19)			Total Equity
	Shares (Thousands)	Share Capital (Note 19)		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	302,957	\$ 3,029,572	\$ 653,239	\$ 1,372,300	\$ 205,680	\$ 4,248,130	\$ (581,111)	\$ (2,279)	\$ 8,925,531
Appropriation of 2019 earnings	-	-	-	246,330	-	(246,330)	-	-	-
Legal reserve	-	-	-	-	377,710	(377,710)	-	-	-
Special reserve	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Cash dividends	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares for cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
Share-based payment due to issuance of ordinary shares (Note 24)	-	-	34,596	-	-	-	-	-	34,596
Net consolidated income for the year ended December 31, 2020	-	-	-	-	-	2,665,565	-	-	2,665,565
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	78	138,604	(150)	138,532
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	2,665,643	138,604	(150)	2,804,097
BALANCE AT DECEMBER 31, 2020	332,957	3,329,572	3,682,051	1,618,630	583,390	4,624,947	(442,507)	(2,429)	13,393,654
Appropriation of 2020 earnings	-	-	-	266,564	-	(266,564)	-	-	-
Legal reserve	-	-	-	-	(138,454)	138,454	-	-	-
Special reserve	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Cash dividends	-	-	-	-	-	-	-	-	-
Capital increase by cash	50,000	500,000	5,994,343	-	-	-	-	-	6,494,343
Share-based payment due to issuance of ordinary shares (Note 24)	-	-	14,087	-	-	-	-	-	14,087
Net consolidated income for the year ended December 31, 2021	-	-	-	-	-	3,144,803	-	-	3,144,803
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	1,883	(62,501)	(6,745)	(67,363)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,146,686	(62,501)	(6,745)	3,077,440
BALANCE AT DECEMBER 31, 2021	382,957	\$ 3,829,572	\$ 9,690,481	\$ 1,885,194	\$ 444,936	\$ 5,978,737	\$ (505,008)	\$ (9,174)	\$ 21,314,738

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

ITEQ CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,814,703	\$ 3,394,521
Adjustments for:		
Depreciation expense	948,002	777,564
Expected credit gain	(4,036)	(43,407)
Net loss on financial assets at fair value through profit or loss	1,078	16,228
Finance costs	81,127	76,680
Interest income	(10,391)	(10,659)
Share-based compensation	14,087	34,596
Loss on disposal of property, plant and equipment	11,551	10,043
Reversal of loss on impairment of property, plant and equipment	(18,707)	-
Recognition of write-down of inventories	90,727	82,321
Loss on foreign currency exchange	5,181	4,125
Amortization of prepayments	73,155	33,461
(Reversal) recognized of provisions	(14,425)	7,917
Loss from disaster	464,195	-
Changes in operating assets and liabilities		
Notes receivable	1,193,241	(482,591)
Accounts receivable	(3,967,941)	(225,107)
Other receivables	(137,505)	123,466
Inventories	(2,258,091)	(787,366)
Offset against value-added tax payable	(103,989)	(361,472)
Other current assets	(26,092)	14,317
Accounts payable	2,422,311	(1,285,648)
Other payables	1,330,091	495,007
Other current liabilities	(1,808)	13,402
Cash generated from operations	3,906,464	1,887,398
Interest paid	(80,187)	(63,552)
Income tax paid	(673,047)	(778,132)
Net cash generated from operating activities	<u>3,153,230</u>	<u>1,045,714</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(10,000)
Return of investments	713	663
Proceeds from sale of financial assets at fair value through profit or loss	-	71,095
Payments for property, plant and equipment	(4,948,268)	(2,218,013)
Proceeds from disposal of property, plant and equipment	1,984	2,976
Increase in refundable deposits	(27,272)	(58,991)
Decrease in refundable deposits	68,275	2,583
Increase in other non-current assets	(68,234)	(125,704)
Interest received	9,282	9,562
Net cash used in investing activities	<u>(4,963,520)</u>	<u>(2,325,829)</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ (60,899)	\$ (1,107,416)
Decrease in short-term bills payable	(50,412)	(340,609)
Proceeds from long-term borrowings	230,000	1,339,999
Repayments of long-term borrowings	(1,958,235)	(1,017,646)
Increase in guarantee deposits received	9,616	27,985
Decrease in guarantee deposits received	(12,256)	(23,081)
Repayment of the principal portion of lease liabilities	(54,638)	(51,882)
Cash dividends paid	(1,664,786)	(1,664,786)
Proceeds from issuance of ordinary shares	<u>6,494,343</u>	<u>3,294,216</u>
Net cash generated from financing activities	<u>2,932,733</u>	<u>456,780</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>13,701</u>	<u>572,409</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,136,144	(250,926)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,287,134</u>	<u>3,538,060</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,423,278</u>	<u>\$ 3,287,134</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. 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.

Assessment of Inventory

The inventory of the Company is susceptible to price fluctuations and obsolescence due to changes in demand for finished goods and raw materials caused by price fluctuations in the market. Management estimated the allowance for impairment loss of inventory based on its historical stock sales, and market conditions may also influence management's estimation of the allowance for impairment loss of inventory. Therefore, we identified inventory as a key audit matter. Refer to Notes 5 and 8 to the financial statements for disclosures on the relevant accounting estimates and uncertainties and other detailed information.

The audit procedures that we performed for inventory were as follows:

1. We obtained an understanding the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.
2. We selected samples from the year-end inventory record details and verified the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.
3. We obtained the slow-moving inventory and the aging report of inventory in detail, analyzed the differences between the current and prior years, and we recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 and supervisors, 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company 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 for the year ended December 31, 2021 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 audits resulting in this independent auditors' report are Chen-Hsiu Yang and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

Notice to Readers

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

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

ITEQ CORPORATION

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,051,780	5	\$ 402,393	2
Accounts receivable and notes receivable, net (Note 7)	577,690	2	476,924	3
Accounts receivable - related parties (Note 25)	635,409	3	821,909	4
Other receivables (Note 24)	177,748	1	54,544	-
Other receivables - related parties (Note 25)	304,527	1	313,395	2
Current tax assets (Note 20)	32,299	-	753	-
Inventories, net (Note 8)	558,202	2	663,709	4
Other current assets	66,170	-	9,846	-
Total current assets	<u>3,403,825</u>	<u>14</u>	<u>2,743,473</u>	<u>15</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 9)	5,304	-	10,000	-
Investment accounted for using the equity method (Note 10)	18,346,299	78	14,668,632	79
Property, plant and equipment (Note 11)	295,185	1	543,675	3
Right-of-use assets (Notes 12 and 25)	200,295	1	229,848	1
Deferred tax assets (Note 20)	247,343	1	149,794	1
Prepayments for equipment	987,314	4	29,759	-
Other non-current assets (Notes 13, 16 and 25)	153,642	1	144,218	1
Total non-current assets	<u>20,235,382</u>	<u>86</u>	<u>15,775,926</u>	<u>85</u>
TOTAL	<u>\$ 23,639,207</u>	<u>100</u>	<u>\$ 18,519,399</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ -	-	\$ 1,390,000	8
Short-term bills payable, net (Note 14)	-	-	49,985	-
Accounts payable and notes payable	322,408	2	546,510	3
Accounts payable - related parties (Note 25)	553,457	3	265,200	1
Other payables	783,624	3	482,545	3
Other payables - related parties (Note 25)	8,495	-	15,467	-
Current tax liabilities (Note 20)	9,329	-	-	-
Lease liabilities - current (Notes 12 and 25)	27,766	-	27,347	-
Current portion of long-term borrowings (Note 14)	-	-	88,235	1
Other current liabilities (Note 18)	51,139	-	60,126	-
Total current liabilities	<u>1,756,218</u>	<u>8</u>	<u>2,925,415</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 14)	-	-	1,640,000	9
Deferred tax liabilities (Note 20)	396,501	1	358,118	2
Lease liabilities - non-current (Notes 12 and 25)	169,250	1	197,015	1
Guarantee deposits received	2,500	-	5,197	-
Total non-current liabilities	<u>568,251</u>	<u>2</u>	<u>2,200,330</u>	<u>12</u>
Total liabilities	<u>2,324,469</u>	<u>10</u>	<u>5,125,745</u>	<u>28</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)				
Share capital	<u>3,829,572</u>	<u>16</u>	<u>3,329,572</u>	<u>18</u>
Capital surplus	<u>9,690,481</u>	<u>41</u>	<u>3,682,051</u>	<u>20</u>
Retained earnings				
Legal reserve	1,885,194	8	1,618,630	9
Special reserve	444,936	2	583,390	3
Unappropriated earnings	<u>5,978,737</u>	<u>25</u>	<u>4,624,947</u>	<u>25</u>
Total retained earnings	<u>8,308,867</u>	<u>35</u>	<u>6,826,967</u>	<u>37</u>
Other items in equity	<u>(514,182)</u>	<u>(2)</u>	<u>(444,936)</u>	<u>(3)</u>
Total equity	<u>21,314,738</u>	<u>90</u>	<u>13,393,654</u>	<u>72</u>
TOTAL	<u>\$ 23,639,207</u>	<u>100</u>	<u>\$ 18,519,399</u>	<u>100</u>

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

ITEQ CORPORATION

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18 and 25)	\$ 3,680,011	100	\$ 5,218,052	100
COST OF GOODS SOLD (Notes 8, 19 and 25)	<u>3,778,909</u>	<u>103</u>	<u>4,627,289</u>	<u>89</u>
GROSS (LOSS) PROFIT	<u>(98,898)</u>	<u>(3)</u>	<u>590,763</u>	<u>11</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(9,050)	-	(25,276)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>25,276</u>	<u>1</u>	<u>40,898</u>	<u>1</u>
REALIZED GROSS PROFIT (LOSS)	<u>(82,672)</u>	<u>(2)</u>	<u>606,385</u>	<u>12</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	102,401	3	124,371	2
General and administrative expenses	400,198	11	445,908	9
Research and development expenses	173,163	4	238,299	5
Expected credit loss (gain)	<u>3,327</u>	<u>-</u>	<u>(1,815)</u>	<u>-</u>
Total operating expenses	<u>679,089</u>	<u>18</u>	<u>806,763</u>	<u>16</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(761,761)</u>	<u>(20)</u>	<u>(200,378)</u>	<u>(4)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 25)	39,038	1	53,519	1
Finance costs (Notes 19 and 25)	(24,489)	(1)	(35,548)	-
Other gains and losses (Note 19)	(98,448)	(3)	(55,159)	(1)
Share of the profit of subsidiaries (Note 10)	<u>3,955,681</u>	<u>108</u>	<u>2,937,055</u>	<u>56</u>
Total non-operating income and expenses	<u>3,871,782</u>	<u>105</u>	<u>2,899,867</u>	<u>56</u>
INCOME BEFORE INCOME TAX	3,110,021	85	2,699,489	52
INCOME TAX (BENEFIT) EXPENSE (Note 20)	<u>(34,782)</u>	<u>(1)</u>	<u>33,924</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>3,144,803</u>	<u>86</u>	<u>2,665,565</u>	<u>51</u>

(Continued)

ITEQ CORPORATION

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on equity investments through other comprehensive income (Note 17)	\$ (4,696)	-	\$ -	-
Remeasurement of defined benefit plans (Note 16)	1,883	-	78	-
Share of other comprehensive loss of subsidiaries	<u>(2,049)</u>	<u>-</u>	<u>(150)</u>	<u>-</u>
	<u>(4,862)</u>	<u>-</u>	<u>(72)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 17)	(78,126)	(2)	173,255	3
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	<u>15,625</u>	<u>-</u>	<u>(34,651)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(62,501)</u>	<u>(2)</u>	<u>138,604</u>	<u>3</u>
Other comprehensive (loss) income (loss) for the year, net of income tax	<u>(67,363)</u>	<u>(2)</u>	<u>138,532</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,077,440</u>	<u>84</u>	<u>\$ 2,804,097</u>	<u>54</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	<u>\$ 9.00</u>		<u>\$ 8.19</u>	
Diluted	<u>\$ 8.93</u>		<u>\$ 8.15</u>	

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

(Concluded)

ITEQ CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Shares (Thousands)	Share Capital (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Other Item Equity (Note 17)			Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2020	302,957	\$ 3,029,572	\$ 653,239	\$ 1,372,300	\$ 205,680	\$ 4,248,130	\$ (581,111)	\$ (2,279)	\$ 8,925,531	
Appropriation of 2019 earnings	-	-	-	246,330	-	(246,330)	-	-	-	
Legal reserve	-	-	-	-	377,710	(377,710)	-	-	-	
Special reserve	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)	
Cash dividends	-	-	-	-	-	-	-	-	-	
Issuance of ordinary shares for cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216	
Share-based payment transactions (Note 22)	-	-	34,596	-	-	-	-	-	34,596	
Net income for the year ended December 31, 2020	-	-	-	-	-	2,665,565	-	-	2,665,565	
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	78	138,604	(150)	138,532	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	2,665,643	138,604	(150)	2,804,097	
BALANCE AT DECEMBER 31, 2020	332,957	3,329,572	3,682,051	1,618,630	583,390	4,624,947	(442,507)	(2,429)	13,393,654	
Appropriation of 2020 earnings	-	-	-	266,564	-	(266,564)	-	-	-	
Legal reserve	-	-	-	-	(138,454)	138,454	-	-	-	
Special reserve	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)	
Cash dividends	-	-	-	-	-	-	-	-	-	
Issuance of ordinary shares for cash	50,000	500,000	5,994,343	-	-	-	-	-	6,494,343	
Share-based payment transactions (Note 22)	-	-	14,087	-	-	-	-	-	14,087	
Net income for the year ended December 31, 2021	-	-	-	-	-	3,144,803	-	-	3,144,803	
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	1,883	(62,501)	(6,745)	(67,363)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,146,686	(62,501)	(6,745)	3,077,440	
BALANCE AT DECEMBER 31, 2021	382,957	\$ 3,829,572	\$ 9,690,481	\$ 1,885,194	\$ 444,936	\$ 5,978,737	\$ (505,008)	\$ (9,174)	\$ 21,314,738	

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

ITEQ CORPORATION

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,110,021	\$ 2,699,489
Adjustments for:		
Expected credit loss (gain)	3,327	(1,815)
Depreciation expense	172,829	231,257
Amortization of prepayments	9,429	4,303
Finance costs	24,489	35,548
Interest income	(1,618)	(1,936)
Share-based compensation	6,758	34,596
Share of loss of subsidiaries	(3,955,681)	(2,937,055)
Loss (gain) on disposal of property, plant and equipment	324	(2,099)
Write-downs of inventories	73,051	48,757
Unrealized gain on transactions with subsidiaries	9,050	25,276
Realized gain on the transactions with subsidiaries	(57,066)	(72,688)
Loss on foreign currency exchange	31,266	3,313
(Reversal) recognized of provisions	-	(3,420)
Losses from disaster	464,195	-
Changes in operating assets and liabilities		
Notes receivable	(13,105)	23,727
Accounts receivable	(94,656)	217,813
Accounts receivable - related parties	179,718	229,851
Other receivables	(123,204)	123,123
Other receivables - related parties	(16,432)	(40)
Inventories	(113,749)	8,579
Other current assets	(56,324)	(3,109)
Accounts payable	(222,702)	(942,632)
Accounts payable - related parties	291,119	105,402
Other payables	204,239	56,151
Other payables - related parties	(6,925)	15,064
Other current liabilities	970	10,232
Cash used in operations	(80,677)	(92,313)
Interest paid	(24,952)	(35,515)
Income tax paid	(6)	(101,829)
Net cash used in operating activities	<u>(105,635)</u>	<u>(229,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(10,000)
Proceeds from disposal of property, plant and equipment	33	3,528
Increase in refundable deposits	-	(6)
Decrease in refundable deposits	1,563	-
Increase in other non-current assets	(144,648)	(4,787)
Increase in prepayments for equipment	(1,010,803)	(72,957)

(Continued)

ITEQ CORPORATION

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

	2021	2020
Interest received	\$ 509	\$ 839
Dividends received from subsidiaries	<u>277,501</u>	<u>332,977</u>
Net cash (used in) generated from investing activities	<u>(875,845)</u>	<u>249,594</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,390,000)	(1,680,000)
Decrease in short-term bills payable	(50,412)	(340,609)
Proceeds from long-term borrowings	230,000	1,339,999
Repayments of long-term borrowings	(1,958,235)	(1,017,646)
Increase in guarantee deposits received	7,200	605
Decrease in guarantee deposits received	(9,897)	-
Repayment of the principal portion of lease liabilities	(27,346)	(26,839)
Cash dividends paid	(1,664,786)	(1,664,786)
Proceeds from issuance of ordinary shares	<u>6,494,343</u>	<u>3,294,216</u>
Net cash generated from (used in) financing activities	<u>1,630,867</u>	<u>(95,060)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	649,387	(75,123)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>402,393</u>	<u>477,516</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,051,780</u>	<u>\$ 402,393</u>

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

(Concluded)

ITEQ Corporation
Profit Distribution Table
2021

Currency Unit: NT\$

Item	Amount
Beginning balance of retained earnings	2,832,049,548
Net profit	3,144,803,082
Add: Remeasurements of defined benefit plans recognized in retained earnings	1,883,492
Adjusted unappropriated retained earnings (net income plus other items)	3,146,686,574
Less: Legal reserve (10%)	(314,668,657)
Less: Special legal reserve	(69,244,972)
Earnings available for distribution for the period	5,594,822,493
Distributable items:	
Cash dividends to shareholders (NT\$5.0 per share)	(1,914,786,090)
Unappropriated retained earnings	3,680,036,403

Notes:

1. The above-mentioned dividend distribution ratio is based on the number of 382,957,218 shares outstanding as of March 16, 2022.
2. 2021 profit distribution shall take the first priority.

Chairperson of the Board:
Chin-Tsai Chen

Managerial Officer:
Hsin-Hui Tsai

Accounting Supervisor:
Jung-Tsan Chou

Appendix IV

ITEQ Corporation

Comparison Table for the Amendments to the Articles of Incorporation

Amended Provisions	Current Provisions	Explanation
<p>Article 11</p> <p>Notice shall be given to the shareholders at least 30 days prior to a regular shareholders' meeting, and at least 15 days prior to a ad hoc shareholders' meeting, stating the date, place, and purpose of convening the meeting.</p> <p><u>The Corporation's shareholders' meeting may be held by means of video conference or other methods promulgated by the central competent authority. The requirements, procedures, and other rules to be complied with when holding a shareholders' meeting via video conference shall be subject to the provisions set forth by the competent authority in charge of securities.</u></p> <p><u>Shareholders who participate in the shareholders' meeting via video conference shall be deemed to be present in person; the Corporation shall obtain video conference services from an outside provider.</u></p>	<p>Article 11</p> <p>Notice shall be given to the shareholders at least 30 days prior to a regular shareholders' meeting, and at least 15 days prior to a ad hoc shareholders' meeting, stating the date, place, and purpose of convening the meeting.</p>	<p>In order for the shareholders' meeting to be held smoothly and to ensure the neutrality of the video conference, the second and third paragraphs were amended to this article in accordance with Article 172-2 of the Company Act.</p>
<p>Article 12</p> <p>The following matters of the Corporation shall be resolved by shareholders' meetings:</p> <p>I. The amendments to the Articles of Incorporation.</p> <p>II. The increase/decrease in the Corporation's total capital.</p> <p>III. The combination with or acquisition of other corporations.</p> <p>IV. Discretionary management</p> <p>V. The dissolution or liquidation of the Company.</p> <p>VI. Election of Directors of the Board</p> <p>VII. The amendments to the percentage of</p>	<p>Article 12</p> <p>The following matters of the Corporation shall be resolved by shareholders' meetings:</p> <p>I. The amendments to the Articles of Incorporation.</p> <p>II. The increase/decrease in the Corporation's total capital.</p> <p>III. The combination with or acquisition of other corporations.</p> <p>IV. Discretionary management</p> <p>V. The dissolution or liquidation of the Company.</p> <p>VI. Election of Directors of the Board</p> <p>VII. The <u>adoption</u> of and</p>	<p>This article is amended in accordance with Article 235-1 of the Company Act and in order to differentiate from the provisions of Article 20 of the Articles of Incorporation.</p>

Amended Provisions	Current Provisions	Explanation
<p>shareholders' <u>stock</u> dividends and employees' <u>remuneration</u>.</p> <p>VIII. Other matters to be resolved by shareholders' meetings according to the Company Act.</p>	<p>amendments to the percentage of shareholders' dividends and employees' <u>bonuses</u>.</p> <p>VIII. Other matters to be resolved by shareholders' meetings according to the Company Act.</p>	
<p>Article 16</p> <p>The Corporation shall have seven to ten Directors, <u>and the number of Directors shall be determined by the Board of Directors. Elections of the Corporation's Directors shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act.</u> The Directors shall be elected from the <u>director</u> nominees listed in the roster of Director candidates at the shareholders' meeting. <u>The method and announcement of director candidate nomination shall be processed in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected shall be calculated separately.</u> <u>Directors shall hold office for three years; re-elected Directors are entitled to serve consecutive terms.</u> The directors shall comply with the rules of the securities competent authority concerning minimum share ownership. ~Hereinafter omitted~</p>	<p>Article 16</p> <p>The Corporation shall have seven to ten Directors of Board, with adoption of a candidate nomination system. The Directors shall be elected from the nominees listed in the roster of Director candidates at the shareholders' meeting, and hold office for three years; re-elected Directors are entitled to serve consecutive terms. ~Hereinafter omitted~</p>	<p>The candidate nomination system stipulated in Article 192-1 of the Company Act is specified in the Articles of Incorporation.</p>
<p>Article 16-1</p> <p>Among the prior number of Directors of Board, the number of Independent Directors shall be no less than 3 and one-fifth of the number of seats of Directors.</p> <p>The restrictions on professional qualifications, share ownership, concurrent</p>	<p>Article 16-1</p> <p>Among the prior number of Directors of Board, the number of Independent Directors shall be no less than 3 and one-fifth of the number of seats of Directors.</p> <p>The restrictions on professional qualifications, share ownership,</p>	<p>This article is amended pursuant to Article 14-4 of the Securities and Exchange Act.</p>

Amended Provisions	Current Provisions	Explanation
<p>positions held, the manner of nomination, the election of the independent directors, and other related matters to abide by shall comply with applicable laws and regulations prescribed by the security's competent authority.</p> <p>The Corporation shall have an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, which shall consist of all Independent Directors, no less than three in number, one of whom shall be the committee convener and at least one of whom shall have accounting or financial expertise.</p>	<p>concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters to abide by shall comply with applicable laws and regulations prescribed by the security's competent authority.</p> <p>The Corporation shall have an Audit Committee, which shall consist of all Independent Directors, no less than three in number, one of whom shall be the committee convener and at least one of whom shall have accounting or financial expertise.</p>	
<p>Article 17 (deleted)</p>	<p>Article 17 <u>The Board of Directors is organized by Directors with the following functions:</u></p> <ul style="list-style-type: none"> I. <u>Formulating operating policies, reviewing and supervising the implementation of business plans.</u> II. <u>Appointing and dismissing the Corporation's General Manager and Deputy General Manager.</u> III. <u>Preparing and amending the Corporation's important statutes and organization regulations.</u> IV. <u>Establishing and abolishing branches.</u> V. <u>Convening shareholders' meetings.</u> VI. <u>Other functions and duties conferred by the provisions prescribed by the Company Act or by the shareholders at the shareholders' meeting.</u> 	<p>In order to avoid repetition of the power and authority of the Board of Directors, some provisions of this article are moved to Article 20.</p>
<p>Article 19 A meeting of the Board of Directors shall be convened by the Chairperson of the Board. Said meeting shall be presided over by the Chairperson of the Board of Directors. If the Chairperson of the Board is unable to convene said meeting for any reason, the Vice Chairperson of the Board</p>	<p>Article 19 <u>A shareholders' meeting shall be convened by the Board of Directors.</u> A meeting of the Board of Directors shall be convened by the Chairperson of the Board. Said meeting shall be presided over by the Chairperson of the Board of Directors. If the</p>	<p>To be in line with the amendments to Article 20, the first paragraph of this article is merged into Article 20.</p>

Amended Provisions	Current Provisions	Explanation
<p>of Directors shall do so on his or her behalf. However, if the Vice Chairperson of the Board of Directors is unable to convene said meeting within 7 days from the date when said meeting is necessary or is unable to exercise his or her authority for any reason, one of the Directors designated in advance by the Chairperson of the Board of Directors shall do so on his or her behalf, or if no such person is designated, one of the Directors shall be elected from amongst themselves to convene said meeting.</p> <p>In the event of a video conference for said meeting, Directors attending said meeting by video are deemed to be attending in person. If a Director is unable to attend a board meeting in person for any reason, he/she may appoint another Director to act as on his/her behalf by issuing a letter of authorization and listing the scope of authority for convening the meeting. A Director may only be appointed to act on behalf of one other Director.</p> <p>In convening a meeting of the Corporation's Board of Directors, a notice shall be given to each director 7 days in advance of the scheduled meeting date. But in case of emergency, said meeting may be convened at any time.</p> <p>The preceding notice to convene said meeting shall be delivered to each Director via mail, email, or fax.</p>	<p>Chairperson of the Board is unable to convene said meeting for any reason, the Vice Chairperson of the Board of Directors shall do so on his or her behalf. However, if the Vice Chairperson of the Board of Directors is unable to convene said meeting within 7 days from the date when said meeting is necessary or is unable to exercise his or her authority for any reason, one of the Directors designated in advance by the Chairperson of the Board of Directors shall do so on his or her behalf, or if no such person is designated, one of the Directors shall be elected from amongst themselves to convene said meeting.</p> <p>In the event of a video conference for said meeting, Directors attending said meeting by video are deemed to be attending in person. If a Director is unable to attend a board meeting in person for any reason, he/she may appoint another Director to act as on his/her behalf by issuing a letter of authorization and listing the scope of authority for convening the meeting. A Director may only be appointed to act on behalf of one other Director.</p> <p>In convening a meeting of the Corporation's Board of Directors, a notice shall be given to each director 7 days in advance of the scheduled meeting date. But in case of emergency, said meeting may be convened at any time.</p> <p>The preceding notice to convene said meeting shall be delivered to each Director via mail, email, or fax.</p>	

Amended Provisions	Current Provisions	Explanation
<p>Article 20</p> <p>A meeting of the Board of Directors shall be held quarterly by Directors thereof, with functions and duties as follows:</p> <p>I. Resolving major domestic and foreign investment proposals.</p> <p>II. <u>Preparing and amending the Corporation's important statutes and organization regulations.</u></p> <p>III. Electing the Chairperson and Vice Chairperson of the Board of Directors.</p> <p>IV. Approving the appointment and dismissal of the General Manager and Deputy General Manager.</p> <p>V. Examining and approving budgets and final accounts.</p> <p>VI. Making decisions on matters regarding loans.</p> <p>VII. Recommending to the shareholders' meeting proposals for amendments to the Articles of Incorporation, change in capital, dissolution, or merger of the Corporation.</p> <p>VIII. Recommending the shareholders' meeting the proposals for allotment of earnings and coverage of loss.</p> <p>IX. Resolving the distribution of cash dividends.</p> <p>X. Selecting certified public accountants.</p> <p>XI. Performing other functions and duties conferred by the Company Act or by the resolutions made at the shareholders' meeting.</p> <p>XII. Establishing and abolishing branches.</p> <p>XIII. Being entitled to establish auditing, nomination, risk management committees or other functional committees for the needs of business operations.</p> <p>XIV. <u>Formulating operating policies, reviewing and supervising the implementation of business plans.</u></p>	<p>Article 20</p> <p>A meeting of the Board of Directors shall be held quarterly by Directors thereof, with functions and duties as follows:</p> <p>I. Resolving major domestic and foreign investment proposals.</p> <p>II. <u>Reviewing and approving the Corporation's internal regulations.</u></p> <p>III. Electing the Chairperson and Vice Chairperson of the Board of Directors.</p> <p>IV. Approving the appointment and dismissal of the General Manager and Deputy General Manager.</p> <p>V. Examining and approving budgets and final accounts.</p> <p>VI. Making decisions on matters regarding loans.</p> <p>VII. Recommending to the shareholders' meeting proposals for amendments to the Articles of Incorporation, change in capital, dissolution, or merger of the Corporation.</p> <p>VIII. Recommending the shareholders' meeting the proposals for allotment of earnings and coverage of loss.</p> <p>IX. Resolving the distribution of cash dividends.</p> <p>X. Selecting certified public accountants.</p> <p>XI. Performing other functions and duties conferred by the Company Act or by the resolutions made at the shareholders' meeting.</p> <p>XII. Establishing and abolishing branches.</p> <p>XIII. Being entitled to establish auditing, nomination, risk management committees or</p>	<p>In order to avoid repetition of the power and authority of the Board of Directors, some of the provisions of Article 17 are moved to Article 20, and some text has been slightly reworded.</p>

Amended Provisions	Current Provisions	Explanation
<p>XV. <u>Convening shareholders' meetings.</u> XVI. <u>Other functions and duties conferred by the provisions prescribed by the Company Act or by the shareholders at the shareholders' meeting.</u></p>	<p>other functional committees for the needs of business operations.</p>	
<p>Article 26 The Corporation's fiscal year shall commence on January 1 and end on December 31 of each year. Upon closing of each fiscal year, the Board of Directors shall prepare the following tables and documents and submit the same for adoption at the annual <u>general</u> shareholders' meeting according to the law: I. Business report. II. Financial statements. III. Proposals for profit distribution or deficit compensation.</p>	<p>Article 26 The Corporation's fiscal year shall commence on January 1 and end on December 31 of each year. Upon closing of each fiscal year, the Board of Directors shall prepare the following tables and documents and submit the same for adoption at the annual shareholders' meeting according to the law. I. Business report. II. Financial statements. III. Proposals for profit distribution or deficit compensation.</p>	<p>This article is amended in accordance with Articles 228 and 230 of the Company Act, which specify that the Board of Directors shall prepare and submit financial statements and records to the general meeting of shareholders for approval.</p>
<p>Article 27-1 If the Corporation's earnings are present after the closing of a fiscal year, they shall be distributed in accordance with the following order: I. Payment of taxes required by law. II. Making up the accumulated losses. III. Setting aside 10% of said earnings as legal reserve. <u>Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.</u> IV. Appropriating or reversing the special surplus reserve as provided by laws or by competent authority regulations. V. Except for discretionary retention of earnings, the remaining balance, together with the accumulated undistributed earnings, shall be resolved by the shareholders' meeting after the Board of Directors has prepared a proposal for the distribution of earnings.</p>	<p>Article 27-1 If the Corporation's earnings are present after the closing of a fiscal year, they shall be distributed in accordance with the following order: I. Payment of taxes required by law. II. Making up the accumulated losses. III. Setting aside 10% of said earnings as legal reserve. IV. Appropriating or reversing the special surplus reserve as provided by laws or by competent authority regulations. V. Except for discretionary retention of earnings, the remaining balance, together with the accumulated undistributed earnings, shall be resolved by the shareholders' meeting after the Board of Directors has prepared a proposal for the distribution of earnings.</p>	<p>In accordance with Paragraph 1 of Article 237 of the Company Act and to be in line with business operations, the provisions regarding the special surplus reserve are amended.</p>

Amended Provisions	Current Provisions	Explanation
<p><u>When setting aside the special surplus reserve according to law, for any insufficient amount for the "net increase in fair value of investment properties accumulated in the previous period" and "net decrease in other equity accumulated in the previous period", a special surplus reserve of the same amount shall be set aside from the undistributed retained earnings of the previous period prior to the distribution of earnings. If there is still any insufficient amount, it shall be set aside from the adjusted undistributed retained earnings (net income plus other items) of the current period.</u></p> <p>The Corporation is in a growth phase, so the amount of dividends to shareholders will be determined by taking into account factors, such as the Corporation's current and future investment environment, capital requirements, domestic and international competition, and future capital expenditures and working capital planning, as well as the interests of shareholders and balancing dividends with the Corporation's long-term financial planning, wherein no less than 20% of the earnings to be distributed shall be cash dividends. The Corporation authorizes the distributable dividends and bonuses, or legal reserve and special surplus reserve, specified in Paragraph 1 of this Article, 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 <u>without the need to request for ratification by shareholders.</u></p>	<p>The Corporation is in a growth phase, so the amount of dividends to shareholders will be determined by taking into account factors, such as the Corporation's current and future investment environment, capital requirements, domestic and international competition, and future capital expenditures and working capital planning, as well as the interests of shareholders and balancing dividends with the Corporation's long-term financial planning, wherein no less than 20% of the earnings to be distributed shall be cash dividends.</p> <p>The Corporation authorizes the distributable dividends and bonuses, or legal reserve and special surplus reserve, specified in Paragraph 1 of this Article, 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.</p>	

Amended Provisions	Current Provisions	Explanation
<p>Article 32</p> <p>These Articles of Incorporation were formulated by the sponsors' meeting with the consent of all the sponsors on March 24, 1997 and come into force on the date of approval and registration by the competent authority.</p> <p>The 1st amendment was made on August 11, 1997.</p> <p>~Hereinafter omitted~</p> <p>The 23rd amendment was made on June 15, 2018.</p> <p>The 24th amendment was made on June 13, 2019.</p> <p>The 25th amendment was made on June 16, 2020.</p> <p>The 26th amendment was made on July 2, 2021.</p> <p><u>The 27th amendment was made on June 14, 2022.</u></p> <p>Effective from the resolution of the shareholders' meeting, and upon amendment.</p>	<p>Article 32</p> <p>These Articles of Incorporation were formulated by the sponsors' meeting with the consent of all the sponsors on March 24, 1997 and come into force on the date of approval and registration by the competent authority.</p> <p>The 1st amendment was made on August 11, 1997.</p> <p>~Hereinafter omitted~</p> <p>The 23rd amendment was made on June 15, 2018.</p> <p>The 24th amendment was made on June 13, 2019.</p> <p>The 25th amendment was made on June 16, 2020.</p> <p>The 26th amendment was made on July 2, 2021.</p> <p>Effective from the resolution of the shareholders' meeting, and upon amendment.</p>	<p>To add the date of amendment.</p>

Appendix V

ITEQ Corporation

Comparison Table for the Amendments to the Rules and Procedures of the Shareholders' Meeting

Amended Provisions	Current Provisions	Explanation
<p>3.1.1. If the Meeting is convened by the Board of Directors, the one presiding over the Meeting shall be the Chairperson of the Board of Directors. If the Chairperson of the Board of Directors is absent from work or is unable to perform his or her duties for any reason, the Chairperson of the Board of Directors shall designate a Director to act on his or her behalf. If the the Chairperson of the Board of Directors does not designate such a person, the Directors shall elect one of them from amongst themselves to act on his/her behalf. If the Meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chairperson to preside over that Meeting.</p>	<p>3.1.1. If the meeting is convened by the board of directors, the one presiding over the meeting shall be the chairperson of the board of directors. If the chairperson of the board of directors is absent from work or is unable to perform his or her duties for any reason, the chairperson of the board of directors shall designate a director to act on his or her behalf. If the the chairperson of the board of directors does not designate such a person, the directors shall elect one of them from amongst themselves to act on his/her behalf. If the meeting is convened by a person with the authority to convene other than the board of directors, such person shall act as the chairperson to preside over that meeting.</p>	<p>1. In order for the shareholders' meeting to be held smoothly and not be restricted by the place of the meeting, Articles 3.1.2 and 3.1.3 are added in accordance with Article 172-2 of the Company Act. 2. Article 3.1.4 is added in order for shareholders to be aware of any change in the method in which shareholders' meetings are held.</p>
<p>3.1.2. The meeting shall be held in the city or county where the corporation is located or at any other place that is convenient for the shareholders to attend and appropriate to convene. Such meeting shall commence at a time no earlier than 9:00 a.m. And no later than 3:00 p.m.</p>	<p>3.1.2. The meeting shall be held in the city or county where the corporation is located or at any other place that is convenient for the shareholders to attend and appropriate to convene. Such meeting shall commence at a time no earlier than 9:00 a.m. And no later than 3:00 p.m.</p>	
<p><u>When holding a shareholders' meeting through video conferencing, the corporation shall not not be subject to the aforementioned restrictions on the venue for shareholders' meetings.</u></p>		
<p>3.1.3. <u>The shareholders' meeting may be held by means of video conference or other methods promulgated by the central</u></p>		

Amended Provisions	Current Provisions	Explanation
<p><u>competent authority. The requirements, procedures, and other rules to be complied with when holding a shareholders' meeting via video conference shall be subject to the provisions set forth by the competent authority in charge of securities.</u></p> <p>3.1.4. <u>Any change in the method of holding a shareholders' meeting shall be resolved by the board of directors and shall be made at the latest before mailing the notice of the shareholders' meeting.</u></p>		
<p>3.2.1. Shareholders or their proxies (hereinafter referred to as the "shareholders") attending the meeting shall sign in and the sign-in procedure shall be replaced by submitting their sign-in cards. The calculation of the number of shares present shall be based on the sign-in cards submitted by the shareholders, <u>the shares checked in on the video conference platform</u>, and those shares whose votes are exercised by mail or electronically via the internet.</p> <p>3.2.2. Attendance and voting at shareholders' meetings shall be based on shares.</p> <p>3.2.3. The corporation may appoint the retained attorney(s)-at-law, certified public accountant(s) or relevant personnel attend the meeting as non-voting delegates. Staff at the meetings shall wear id badges or arm badges.</p> <p>3.2.4. <u>When the corporation holds a shareholders' meeting through video conferencing, shareholders who intend to attend the shareholders' meeting through video conferencing shall register with the corporation at least 2 days before the date of the shareholders' meeting.</u></p> <p>3.2.5. <u>When the corporation convenes a hybrid</u></p>	<p>3.2.1. Shareholders or their proxies attending the meeting shall sign in and the sign-in procedure shall be replaced by submitting their sign-in cards. The calculation of the number of shares present shall be based on the sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet.</p>	<p>1. Article 3.2.1 is amended to specify that when the Corporation holds a shareholders' meeting through video conferencing, the calculation of the total number of shares in attendance shall be added with the number of shares represented by the shareholders who have completed the attendance registration through video conferencing.</p> <p>2. Article 3.2.4 is added to specify that when the Corporation holds a shareholders' meeting through video conferencing, shareholders who intend to attend the meeting through video conferencing shall register with the Corporation at least 2 days before the date of the shareholders' meeting.</p> <p>3. Article 3.2.5 is added to specify that when a</p>

Amended Provisions	Current Provisions	Explanation
<p><u>shareholders' meeting, if shareholders who have registered to attend the meeting via video conference in accordance with the preceding paragraph wish to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the meeting via video conference.</u></p> <p>3.2.6. <u>When holding a shareholders' meeting through video conferencing, the attendance registration shall take place on the video conference platform for the shareholders' meeting 30 minutes before the meeting starts, and shareholders who have completed the registration shall be deemed to have attended in person; the corporaton shall upload the meeting handbook, annual report, and other relevant materials to the video conference platform and continue to disclose meeting information until the meeting ends.</u></p> <p>3.2.7. <u>When holding a shareholders' meeting through video conferencing, the corporation shall provide adequate alternative measures for shareholders with difficulties in attending the meeting through video conferencing.</u></p>		<p>hybrid shareholders' meeting is held, if shareholders who registered to attend the meeting through video conferencing wish to attend the physical meeting, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered; if the registration is not revoked within the time limit, they may only attend the meeting through video conferencing.</p> <p>4. Article 3.2.6 is amended to specify the time and procedure for shareholders to register for attendance as well as to make the meeting handbook and relevant meeting materials available for shareholders to review.</p> <p>5. Considering shareholders may find it difficult to participate in video conference due to the digital divide, Article 3.2.7 is added.</p>
<p>~ Hereinafter omitted ~</p> <p>3.3.2. <u>When holding a shareholders' meeting through video conferencing, the Corporation shall disclose the total number of shares in attendance on the video conference platform at the time the meeting is commenced by the chair. The same shall apply whenever the total number of shares represented at the meeting is recounted and a new tally of votes is released during the meeting.</u></p>	<p>New articles are added.</p>	<p>1. Article 3.3.2 is added in order to enable shareholders attending the shareholders' meeting through video conferencing to know simultaneously whether the number of shareholders' attendance has reached the threshold of the shareholders' meeting.</p>

Amended Provisions	Current Provisions	Explanation
<p>~Hereinafter omitted~ 3.3.7. After a shareholder present speaks on the floor; the Meeting chairperson may answer either in person or designate relevant personnel to reply. <u>Where a shareholders' meeting is held via video conference, shareholders attending the video conference meeting may raise questions in writing on the video conference platform from the time the chairperson declares the meeting open until the time the chairperson declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words, and the provisions of Articles 3.3.4 to 3.3.6 do not apply.</u> <u>As long as the questions raised in accordance with the preceding paragraph are not in violation of any regulations or beyond the scope of a proposal, it is advisable that the questions be disclosed to the public on the video conference platform.</u> 3.3.8. When the meeting chairperson considers that the discussion on a proposal has reached the point where a vote can be taken, he/she may announce that the discussion has ceased and a vote is taken. <u>The voting results shall be reported on the spot and recorded.</u> <u>When the Corporation convenes a shareholders' meeting via video conference, after the chairperson declares the meeting open, shareholders attending the meeting via video conference shall cast votes on proposals and elections on the video conference platform before the chairperson announces the end of the voting session, or else they shall be deemed abstained from voting.</u> <u>When a shareholders' meeting is held via video conference, votes shall be counted</u></p>		<p>2. Article 3.3.7 is added for the purpose of specifying the methods, procedures, and limitations of questions asked by shareholders attending a shareholders' meeting through video conferencing.</p> <p>3. Article 3.3.8 is added to specify that when holding the shareholders' meeting through video conferencing, in order to provide the shareholders attending through video conferencing with sufficient time to vote, voting on each original motion may be conducted from the time the meeting is commenced by the chair until the time that the end of voting is announced.</p> <p>4. Article 3.3.11 is added to specify the sufficient information disclosure time for the shareholders attending the shareholders' meeting through video conferencing to know the voting status of each proposal and the election results immediately.</p> <p>5. Article 3.3.14 is added to specify that when holding the shareholders' meeting through video conferencing without a</p>

Amended Provisions	Current Provisions	Explanation
<p><u>at once after the chairperson announces the end of the voting session, and the voting and election results shall be announced afterwards.</u></p> <p>3.3.9. 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 Aurora. ~Hereinafter omitted~</p> <p>3.3.11. Unless otherwise provided in the Company Act and the Corporation's Articles of Incorporation, a proposal resolution is adopted by a majority of voting rights owned by the shareholders or proxies present at the Meeting. During a vote, the Meeting chairperson or his/her designated person shall first announce the total number of voting rights of the shareholders present on a case-by-case basis, and the shareholders present shall then vote on a case-by-case basis, and the results of the shareholders' approval, disapproval and abstention shall be entered into the Market Observation Post System on the same day after the Meeting. <u>In the event of a video conference shareholders' meeting, the Corporation shall disclose voting and election results immediately at the end of the voting session on the video conference platform in accordance with applicable regulations, and the disclosure shall continue for at least 15 minutes after the chair announces the meeting adjourned.</u> ~Hereinafter omitted~</p> <p>3.3.14. <u>When the Corporation holds a shareholders' meeting through video conferencing, the chair and the person recording the meeting minutes shall be in the same domestic location. The chair shall announce the address of such location at the meeting.</u></p>		<p>physical meeting place, shareholders should be informed of the location of the chair.</p> <p>6. Article 3.3.15 is added to specify that when a shareholders' meeting is held through video conferencing, if the video conference platform or participation is obstructed due to force majeure circumstances, and the obstruction cannot be removed, the meeting shall be postponed to or reconvened on another date within five days.</p> <p>7. Article 3.3.16 is added to specify that in the event that the Corporation shall postpone or reconvene the meeting, shareholders (including solicitors and proxies) who did not register to attend the original shareholders' meeting by video conferencing may not attend the postponed or reconvened meetings in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.</p> <p>8. As a hybrid shareholders' meeting is convened both physically and virtually, Article 3.3.17 is added for the event where the video</p>

Amended Provisions	Current Provisions	Explanation
<p>3.3.15. <u>Where the shareholders’ meeting is held through video conferencing, when declaring the meeting open, the chairperson shall also declare, unless under circumstances where a meeting is not required to be postponed to or resumed at another time according to Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the video conference platform or participation via video conferencing is obstructed due to natural disasters, emergencies, or other force majeure circumstances before the chairperson declares the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or reconvened on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p>3.3.16. <u>When a meeting is to be postponed or resumed pursuant to the conditions set forth in the preceding paragraph, for shareholders who have registered to participate in the affected shareholders’ meeting and have successfully signed in the meeting, if they do not attend the postponed or resumed session, the number of their shares presented as well as their voting and election rights exercised at the affected shareholders meeting shall be counted toward the total number of shares as well as the number of voting and election rights represented at the postponed or resumed session respectively. Shareholders who have not registered to participate in the original shareholders’ meeting through video conferencing shall not participate in the postponed or resumed meeting.</u></p> <p>3.3.17. <u>When the Corporation convenes a hybrid shareholders’ meeting, and the video</u></p>		<p>conference platform or participation via video conferencing is obstructed due to force majeure events and cannot continue.</p> <p>9. Article 3.3.18 is added to specify that in the event that the Corporation shall continue the meeting without having to postpone or reconvene, in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies, for shareholders (including solicitors and proxies) attending the meeting through video conferencing, the number of their shares shall be counted toward the total number of shares in attendance; however, they shall be considered abstained in all proposals of that meeting.</p>

Amended Provisions	Current Provisions	Explanation
<p><u>conference meeting cannot continue as described in the preceding paragraph, if the total number of shares represented at the meeting after deducting those represented by the shareholders attending via video conference still meets the minimum legal requirement for a shareholders' meeting, then the meeting shall continue without the need to postpone or reconvene.</u></p> <p>3.3.18.</p> <p><u>Under the circumstances where a meeting should continue as described in the preceding paragraph, the shares represented by shareholders attending the video conference meeting shall be counted toward the total number of shares in attendance; however, shareholders attending the video conference meeting shall be considered abstained in all of the resolutions and proposals at this shareholders' meeting.</u></p>		
<p>3.5.1. The Corporation shall audiotape or videotape the entire meeting and keep it for at least one year.</p> <p>3.5.2. <u>When holding the shareholders' meeting through video conferencing, the Corporation shall keep records of shareholders' enrollment, registration, attendance, questions asked, votes cast, and voting results and also make an uninterrupted audio and video recording of the proceedings of any shareholders' meeting held through video conferencing.</u></p>	<p>3.5. The Corporation shall record the entire Meeting and keep it for at least one year.</p>	<ol style="list-style-type: none"> 1. New paragraphs are added. 2. In order to protect the rights and interests of shareholders, Article 3.5.1 is amended to include videotaping of the shareholders' meeting for future reference. 3. Article 3.5.2 is added for when holding a shareholders' meeting via video conference.

Amended Provisions	Current Provisions	Explanation
<p><u>The information as well as audio and video recordings mentioned in the preceding paragraph shall be properly preserved by the Corporation, and the audio and video recordings shall be submitted to the personnel in charge of video conferencing on behalf of the Corporation for safekeeping.</u></p>		
<p>4. These Rules and Procedures shall come into operation upon their adoption by the Meeting, and the same applies to the amendments thereto. The Rules and Procedures were formulated on June 20, 2002. The 1st amendment was made on June 15, 2006. The 2nd amendment was made on June 15, 2018. The 3rd amendment was made on July 2, 2021. <u>The 4th amendment was made on June 14, 2022.</u></p>	<p>4. These Rules and Procedures shall come into operation upon their adoption by the Meeting, and the same applies to the amendments thereto. The Rules and Procedures were formulated on June 20, 2002. The 1st amendment was made on June 15, 2006. The 2nd amendment was made on June 15, 2018. The 3rd amendment was made on July 2, 2021.</p>	<p>To add the date of amendment.</p>

ITEQ Corporation

Comparison Table for

the Amendments to the Procedures for the Acquisition or Disposal of Assets

Amended Provisions	Current Provisions	Explanation
<p>Article 1</p> <p>Purpose and Legal Basis</p> <p>The Procedures are formulated in accordance with the provisions of Article 36-1 of the Taiwan Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by Financial Supervisory Commission in order to strengthen asset management and implement information disclosure in practice.</p>	<p>Article 1</p> <p>Purpose and Legal Basis</p> <p>The Procedures are formulated in accordance with the provisions of Article 36-1 of the Taiwan Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by Financial Supervisory Commission in order to strengthen asset management and implement information disclosure in practice.</p>	The text is slightly amended.
<p>Article 2</p> <p>Unless otherwise provided by law and regulations, ITEQ Corporation (hereinafter referred to as "the Corporation") shall follow the provisions of the Procedures to acquire or dispose of assets.</p>	<p>Article 2</p> <p>Unless otherwise provided by law and regulations, ITEQ Corporation (hereinafter referred to as "the Corporation") shall follow the provisions of the Procedures to acquire or dispose of <u>material</u> assets.</p>	The text is slightly amended.
<p>Article 3</p> <p>The term "assets" as used in these Procedures includes the following:</p> <p>(I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.</p> <p>(II) Real estate (including land, building and structures, real estate held for investment purposes) and equipment.</p> <p>(III) Memberships.</p> <p>(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(V) Right - of - use assets</p> <p>(VI) Derivatives.</p>	<p>Article 3</p> <p>The term "assets" as used in these Procedures includes the following:</p> <p>(I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.</p> <p>(II) Real property (including land, building and structures, real estate held for investment purposes, <u>land usage right, inventories of construction enterprises</u>) and equipment.</p> <p>(III) Memberships.</p> <p>(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p>	The text is slightly amended.

Amended Provisions	Current Provisions	Explanation
<p>(VII) Assets acquired or disposed of in connection with mergers, split-off, acquisitions, or share transfer in accordance with law.</p> <p>(VIII) Other major assets.</p>	<p>(V) Right - of - use assets</p> <p>(VI) Derivatives.</p> <p>(VII) Assets acquired or disposed of in connection with mergers, split-off, acquisitions, or share transfer in accordance with law.</p> <p>(VIII) Other major assets.</p>	
<p>Article 4</p> <p>Appraisal Procedures:</p> <p>(I) The financial and accounting departments shall conduct analyses of relevant benefits and assess possible risks regarding the Corporation’s acquisition or disposal of long-term and short-term marketable securities, or engagement in derivatives trading; as for the acquisition or disposal of real property, or other right-to-use assets and other assets, relevant units shall draw up a capital expenditure plan to carry out feasibility assessment on the purpose of acquisition or disposal and the anticipated benefits; if it is a transaction with a related party, the reasonableness of the transaction conditions shall be evaluated in accordance with Chapter 2 of the Procedures.</p> <p>(II) The Corporation shall obtain the most recent financial statements or other relevant information of the subject company audited or reviewed by a certified public accountant prior to the date of acquisition or disposal of the securities for the purpose of appraising the transaction price. If the transaction amount reaches 20% of the Corporation's paid-in capital or NT\$300 million or more, a certified public accountant (CPA) should be consulted to express an opinion on the reasonableness of the transaction price prior to the date of occurrence of the fact. This</p>	<p>Article 4</p> <p>Appraisal Procedures:</p> <p>(I) The financial and accounting departments shall conduct analyses of relevant benefits and assess possible risks regarding the Corporation’s acquisition or disposal of long-term and short-term marketable securities, or engagement in derivatives trading; as for the acquisition or disposal of real property, or other right-to-use assets and other assets, relevant units shall draw up a capital expenditure plan to carry out feasibility assessment on the purpose of acquisition or disposal and the anticipated benefits; if it is a transaction with a related party, the reasonableness of the transaction conditions shall be evaluated in accordance with Chapter 2 of the Procedures.</p> <p>(II) The Corporation shall obtain the most recent financial statements or other relevant information of the subject company audited or reviewed by a certified public accountant prior to the date of acquisition or disposal of the securities for the purpose of appraising the transaction price. If the transaction amount reaches 20% of the Corporation's paid-in capital or NT\$300 million or more, a certified public accountant (CPA) should be consulted to express an opinion on the reasonableness of the transaction price prior to the date of</p>	<p>Amended in accordance with Order No. 1110380465 issued by the Financial Supervisory Commission (FSC) on January 28, 2022.</p>

Amended Provisions	Current Provisions	Explanation
<p>requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance with regulations set by the Financial Supervisory Commission, R.O.C.</p> <p>~Hereinafter omitted~</p>	<p>occurrence of the fact. <u>If said CPA needs to adopt an expert report, he/she shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance with regulations set by the Financial Supervisory Commission, R.O.C.</p> <p>~Hereinafter omitted~</p>	
<p>Article 6 Procedures for Public Disclosure:</p> <p>(I) If the Corporation acquires or disposes of assets under any of the following circumstances, the Corporation shall, in accordance with the nature and format of the regulations, report the relevant information on the website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event.</p> <p>a. Acquisition or disposal of real property or right-to-use assets from a related party, or assets other than real estate or right-to-use assets with a related party whose transaction amount reaches 20% of the Corporation's paid-in capital, 10% of its total amount of assets, or NT\$300 million or more. trading of bonds under repurchases and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises are not subject to the above provision.</p> <p>b. Engagement in merger, demerger, acquisition, or transfer of shares.</p> <p>c. Losses from derivative transactions amounting to the</p>	<p>Article 6 Procedures for Public Disclosure:</p> <p>(I) If the Corporation acquires or disposes of assets under any of the following circumstances, the Corporation shall, in accordance with the nature and format of the regulations, report the relevant information on the website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event</p> <p>a. Acquisition or disposal of real property or right-to-use assets from a related party, or assets other than real estate or right-to-use assets with a related party whose transaction amount reaches 20% of the Corporation's paid-in capital, 10% of its total amount of assets, or NT\$300 million or more. trading of bonds under repurchases and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises are not subject to the above provision.</p> <p>b. Engagement in merger, demerger, acquisition, or transfer of shares.</p> <p>c. Losses from derivative</p>	<p>Amended in accordance with Order No. 1110380465 issued by the Financial Supervisory Commission (FSC) on January 28, 2022.</p>

Amended Provisions	Current Provisions	Explanation
<p>upper limit of all or individual contract losses specified in <u>Article 15, Paragraph 4 of Chapter 3</u> of these Procedures.</p> <p>d. Acquisition or disposal of equipment for business use or its right-to-use assets, where the transaction is not with a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>e. Where the real property is acquired under an arrangement on engaging others to build on the Corporation's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>f. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a) Trading of domestic government bonds <u>or foreign government bonds with credit ratings not lower than the sovereign rating of our country</u>.</p> <p>(b). Trading of bonds under repurchase/resale agreements or subscription or redemption of domestic money market</p>	<p>transactions amounting to the upper limit of all or individual contract losses specified in Article 8, Paragraph 1 of Chapter 4 of these Procedures.</p> <p>d. Acquisition or disposal of equipment for business use or its right-to-use assets, where the transaction is not with a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>e. Where the real property is acquired under an arrangement on engaging others to build on the Corporation's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>f. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a) Trading of government bonds.</p> <p>(b) Trading of bonds under repurchase/resale agreements or subscription or redemption of domestic money market funds issued</p>	

Amended Provisions	Current Provisions	Explanation
<p>funds issued by securities investment trust enterprises. ~Hereinafter omitted~</p>	<p>by securities investment trust enterprises. ~Hereinafter omitted~</p>	
<p>Article 7 Procedures for Valuation of Assets: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Corporation's paid-in capital or NT\$300 million or more, the Corporation, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. However, court documents can be substituted for said appraisal report or opinions issued by a CPA if said assets are acquired or disposed of through court auction.</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the</p>	<p>Article 7 Procedures for Valuation of Assets: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Corporation's paid-in capital or NT\$300 million or more, the Corporation, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. However, court documents can be substituted for said appraisal report or opinions issued by a CPA if said assets are acquired or disposed of through court auction.</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to</p>	<p>Amended in accordance with Order No. 1110380465 issued by the Financial Supervisory Commission (FSC) on January 28, 2022.</p>

Amended Provisions	Current Provisions	Explanation
<p>appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be</p>	

Amended Provisions	Current Provisions	Explanation
	issued by the original professional appraiser.	
<p>Article 12 Resolution Procedure: When the Corporation intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterpart.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 or exclusions of Article 14.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the</p>	<p>Article 12 Resolution Procedure: When the Corporation intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterpart.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 or exclusions of Article 14.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the company and the related party.</p>	<p>Amended in accordance with Order No. 1110380465 issued by the Financial Supervisory Commission (FSC) on January 28, 2022.</p>

Amended Provisions	Current Provisions	Explanation
<p>anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Corporation 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 Corporation's Board of Directors may pursuant to Article 5 delegate the Chairperson of the Board 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>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real</p>	<p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>Transaction amounts referred to the preceding paragraph shall be calculated in accordance with the provisions in Article 6, Paragraph 2, Subparagraph 5 of these Procedures, and "within the preceding year" thereof refers to the year preceding the date of occurrence of the current transaction. Items having been submitted to the Audit Committee for concurrence in accordance with the provisions of these Procedures and been proposed to the Board of Directors for approval need not be counted toward the transaction amount.</u></p> <p>With respect to the types of transactions listed below, when to be conducted between the Corporation 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 Corporation's Board of Directors may pursuant to Article 5 delegate the Chairperson of the Board 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>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real</p>	

Amended Provisions	Current Provisions	Explanation
<p>property right-of-use assets held for business use.</p> <p><u>Where the Corporation or any of its subsidiaries that is not a domestic public company engages in any transaction listed in the first paragraph and the transaction amount is 10 percent or more of the Corporation's total assets, the Corporation shall submit all the information listed in paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making the relevant payment. However, this shall not apply to transactions between the Corporation and its subsidiaries or between its subsidiaries. Transaction amounts referred to in the first paragraph and the preceding paragraph shall be calculated in accordance with the provisions in Paragraph 2 of Article 6, and "within the preceding year" thereof refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, Audit Committee, and Board of Directors for approval in accordance with the provisions of these Procedures need not be counted toward the transaction amount.</u></p>	<p>property right-of-use assets held for business use.</p>	
<p>Article 26 Professional appraisers and their officers, certified public accounts and securities underwriters that provide the Corporation 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 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</p>	<p>Article 26 Professional appraisers and their officers, certified public accounts and securities underwriters that provide the Corporation 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 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,</p>	<p>Amended in accordance with Order No. 1110380465 issued by the Financial Supervisory Commission (FSC) on January 28, 2022. The paragraphs of this article are amended in order to improve the quality of opinions provided by external experts.</p>

Amended Provisions	Current Provisions	Explanation
<p>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. However, this provision does not apply if 3 years have passed since the completion of the sentence, since the expiration of the suspended sentence, or since a pardon was granted.</p> <p>II. Shall not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Corporation 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 trade associations they belong to and the following:</u></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>executing</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</p>	<p>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. However, this provision does not apply if 3 years have passed since the completion of the sentence, since the expiration of the suspended sentence, or since a pardon was granted.</p> <p>II. Shall not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Corporation 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 <u>item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of</u></p>	

Amended Provisions	Current Provisions	Explanation
<p><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 prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>appropriate</u>, and that they have complied with applicable laws and regulations.</p>	<p>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 <u>accurate</u>, and that they have complied with applicable laws and regulations.</p>	

ITEQ CORPORATION

Articles of Incorporation

Chapter I General Provisions

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Act, and its name shall be 聯茂電子股份有限公司 in the Chinese language, and ITEQ Corporation in the English language.
- Article 2 The scope of business of the Corporation shall be as follows:
- I. Manufacturing, processing and trading of multilayer printed circuit board substrates, copper foil substrates, and semi-finished and finished products.
 - II. Import and export trade of manufacturing equipment of products aforementioned in the preceding paragraph.
 - III. CC01080 Electronic Parts and Components Manufacturing.
 - IV. F119010 Wholesale of Electronic Materials
 - V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Corporation shall have its head office in Hsinchu County, Taiwan, Republic of China, and may establish branches at home or abroad if necessary by resolution of the Board of Directors.
- Article 4 Public announcements of the Corporation shall be made in accordance with Article 28 of the Company Act.
- Article 4-1 The total amount of the Corporation's external reinvestments may exceed 40% of the paid-in capital, as resolved by the Board of Directors.

Chapter II Shares

- Article 5 The Corporation's capital is NT\$5 billion (including NT\$50 million in employee stock warrants), divided into 5 billion shares at NT\$10 per share. The unissued shares are authorized to be issued by the Board of Directors in several tranches.
- Article 5-1 If the Corporation intends to cancel a public offering, the Corporation shall not proceed with such cancellation until a resolution of the shareholders' meeting has been passed, in addition to the approval of the Board of Directors.
- The Corporation may issue employee stock option certificates at a price lower than the closing price of the Corporation's stock on the date of issuance or transfer them to employees at a price lower than the average price of actual purchases of treasury stock, provided that two-thirds of the shareholders present, representing a majority of the total number of shares outstanding, approve the transfer. The Corporation's treasury stock acquired under the Company Act may be transferred to the employees of the controlled or subordinate companies who meet certain criteria.
- The Corporation's employee stock option certificates are issued to those employees of the controlled or subordinate companies who meet certain criteria.

Where the Corporation issues new shares, the employees eligible for share subscription shall include the employees of the Corporation's controlled or subordinate companies who meet certain criteria.

The Corporation's restricted stock awards are issued to those employees of the controlled or subordinate companies who meet certain criteria.

Article 6

The Corporation's shares are registered securities, in which the signed shares need to be signed or sealed by the director(s) of board representing the Corporation and certified by a competent authority or its authorized issuer prior to being issued. The Corporation may also be exempted from printing any share certificate for the shares issued, but the Corporation shall appoint a centralized securities custody enterprise/ institution to make recordation of the issue of such shares.

Article 7

Shareholders shall provide on file their specimen chop to the Corporation for recordation and use the same specimen chop to claim dividends and bonuses or exercise the rights thereof. The transfer, gift, establishment and termination of pledge right, loss, damage or other matters of shares shall be handled in accordance with the Taiwan "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant laws and regulations.

Article 8

The Corporation shall not handle any requests for transfers of shares within 60 days prior to the shareholders' meeting, 30 days prior to the ad hoc shareholders' meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests.

Chapter III: Shareholders' Meetings

Article 9

The Corporation's shareholders' meetings are of two kinds listed below:

- I. Regular meeting of shareholders: to be held within six months after the end of each fiscal year.
- II. Special meeting of shareholders: to be held when necessary, in accordance with the relevant laws and regulations.

Article 10

The shareholders' meetings shall be presided by the Chairperson of the Board. If the Chairperson of the Board of Directors is absent from office or unable to perform his or her duties and responsibilities for any reason, the Vice Chairperson of the Board of Directors shall act on his or her behalf. If the Vice Chairperson of the Board of Directors is absent from office or unable to perform his or her duties and responsibilities for any reason, he or she shall designate one of the Directors to act on his or her behalf. In the event that no such person is appointed, the Directors of the Board shall appoint one from amongst themselves.

Article 11

Notice shall be given to the shareholders at least 30 days prior to a regular shareholders' meeting, and at least 5 days prior to a ad hoc shareholders' meeting, stating the date, place, and purpose of convening the meeting.

Article 12

The following matters of the Corporation shall be resolved by shareholders' meetings:

- I. The amendments to the Articles of Incorporation.
- II. The increase/decrease in the Corporation's total capital.
- III. The combination with or acquisition of other corporations.
- IV. Discretionary management
- V. The dissolution or liquidation of the Company.
- VI. Election of Directors of the Board
- VII. The adoption of and amendments to the percentage of shareholders'

dividends and employees' bonuses.

VIII. Other matters to be resolved by shareholders' meetings according to the Company Act.

Article 13 If the shareholders cannot attend the shareholders' meeting for reasons, they shall issue the Corporation printed and distributed letters of entrustment indicating the scope of authorization to entrust agents to attend in accordance with the "Rules on Use of Letter of Entrustment for Attending Shareholders' Meeting at Public Listed Companies" released according to the Company Act and competent authority. The voting power at a shareholders' meeting may be exercised by way of electronic means. Attendance via electronic means is deemed to be attendance in person, and the related matters thereof shall be handled in accordance with the relevant laws and regulations.

Article 14 Unless otherwise provided for by law and regulations, each shareholder of the Corporation shall have one vote per share.

Article 15 Unless otherwise provided for in the Company Act, resolutions shall be adopted by a large majority representing over one-half of the votes at a meeting attended by shareholders representing a majority of the total number of issued shares. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes, specifying the date and place of the meeting, the number of shareholders present, the number of shares represented, the number of voting rights, the name of the meeting chairperson, the resolution items and the resolution methods thereto. The meeting minutes shall be signed or sealed by the Chairperson of Board or shareholders' meeting chairperson, and shall be retained on the Corporation's Board of Directors together with the attendance book and sign-in cards of the attending shareholders and letters of authorization for attendance. The meeting minutes shall be distributed to shareholders within 20 days after the meeting, the distribution of which may be made by public announcement.

Chapter IV Directors of Board, Audit Committee and Managerial Officers

Article 16 The Corporation shall have seven to ten Directors of Board, with adoption of a candidate's nomination system. The Directors shall be elected from the nominees listed in the roster of Director candidates at the shareholders' meeting, and hold office for three years; re-elected Directors are entitled to serve consecutive terms.

The directors shall comply with the rules of the securities competent authority concerning minimum share ownership.

The Corporation may purchase liability insurances for the Directors of Board to protect them against potential liabilities arising from performing their duties within their executive business scopes in accordance with the law, and authorize the Board of Directors to purchase said liability insurances in connection therewith.

Article 16-1 Among the prior number of Directors of Board, the number of Independent Directors shall be no less than 3 and one-fifth of the number of seats of Directors.

The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters to abide by shall comply with applicable laws and regulations prescribed by the securities competent authority.

The Corporation shall have an Audit Committee, which shall consist of all

Independent Directors, no less than three in number, one of whom shall be the committee convener and at least one of whom shall have accounting or financial expertise.

Article 17 The Board of Directors is organized by Directors with the following functions:

- I. Formulating operating policies, reviewing and supervising the implementation of business plans.
- II. Appointing and dismissing the Corporation's General Manager and Deputy General Manager.
- III. Preparing and amending the Corporation's important statutes and organization regulations.
- IV. Establishing and abolishing branches.
- V. Convening shareholders' meetings.
- VI. Other functions and duties conferred by the provisions prescribed by the Company Act or by the shareholders at the shareholders' meeting.

Article 18 The Corporation's Board of Directors shall have a Chairperson and may have a Vice Chairperson, who shall be elected by the Directors from amongst themselves. The Chairperson of the Board shall preside the Board meetings and act on behalf of the Corporation to external parties.

Article 19 A shareholders' meeting shall be convened by the Board of Directors. A meeting of the Board of Directors shall be convened by the Chairperson of the Board. Said meeting shall be presided over by the Chairperson of the Board of Directors. If the Chairperson of the Board is unable to convene said meeting for any reason, the Vice Chairperson of the Board of Directors shall do so on his or her behalf. However, if the Vice Chairperson of the Board of Directors is unable to convene said meeting within 7 days from the date when said meeting is necessary or is unable to exercise his or her authority for any reason, one of the Directors designated in advance by the Chairperson of the Board of Directors shall do so on his or her behalf, or if no such person is designated, one of the Directors shall be elected from amongst themselves to convene said meeting.

In the event of a video conference for said meeting, Directors attending said meeting by video are deemed to be attending in person. If a Director is unable to attend a board meeting in person for any reason, he/she may appoint another Director to act as on his/her behalf by issuing a letter of authorization and listing the scope of authority for convening the meeting. A Director may only be appointed to act on behalf of one other Director.

In convening a meeting of the Corporation's Board of Directors, a notice shall be given to each director 7 days in advance of the scheduled meeting date. But in case of emergency, said meeting may be convened at any time.

The preceding notice to convene said meeting shall be delivered to each Director via mail, email, or fax.

Article 20 A meeting of the Board of Directors shall be held quarterly by Directors thereof, with functions and duties as follows:

- I. Resolving major domestic and foreign investment proposals.
- II. Reviewing and approving the Corporation's internal regulations.
- III. Electing the Chairperson and Vice Chairperson of the Board of Directors.
- IV. Approving the appointment and dismissal of the General Manager and Deputy General Manager.
- V. Examining and approving budgets and final accounts.
- VI. Making decisions on matters regarding loans.

- VII. Recommending to the shareholders' meeting proposals for amendments to the Articles of Incorporation, change in capital, dissolution, or merger of the Corporation.
- VIII. Recommending the shareholders' meeting the proposals for allotment of earnings and coverage of loss.
- IX. Resolving the distribution of cash dividends.
- X. Selecting certified public accountants.
- XI. Performing other functions and duties conferred by the Company Act or by the resolutions made at the shareholders' meeting.
- XII. Establishing and abolishing branches.
- XIII. Being entitled to establish auditing, nomination, risk management committees or other functional committees for the needs of business operations.

Article 21 Except as otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by a majority of the Directors present at a board meeting, occupying more than half seats of the Board of Directors. However, the following matters shall be subject to the approval of two-thirds of the Directors present at a board meeting, occupying more than half seats of the Board of Directors.

- I. Resolving domestic and foreign investment proposals.
- II. Examining and approving budgets and final accounts.
- III. The provisions relating to minutes of shareholders' meeting are applicable, mutatis mutandis, to the meeting minutes of the Board of Directors.

Article 22 (deleted)

Article 23 (deleted)

Article 24 The Board of Directors is authorized to decide the remuneration to all Directors based on the degree of their participation in and contribution to the operations of the Corporation and referred at a rate consistent with general practices in the industry.

Article 25 The Corporation may have several managerial officers. Their appointment, dismissal, and remuneration shall be subject to Article 29 of the Company Act.

Chapter V: Accounting

Article 26 The Corporation's fiscal year shall commence on January 1 and end on December 31 of each year. Upon closing of each fiscal year, the Board of Directors shall prepare the following tables and documents and submit the same for adoption at the annual shareholders' meeting according the law.

- I. Business report.
- II. Financial statements.
- III. Proposals for profit distribution or deficit compensation.

Article 27 In case the Corporation makes a profit during a fiscal year, no less than 2% of said profit shall be set aside for employees' remuneration. The Board of Directors shall resolve whether to distribute said remuneration in shares or cash. Recipients of said remuneration may include the employees of the controlled or subordinate companies who meet certain criteria. The Board of Directors is authorized to d The Corporation allows the Board of Directors to set aside no more than 2% of the amount of the foregoing profit as Directors' remuneration. The proposal of distributing employees' and Directors'

remuneration shall be reported to the shareholders' meeting. However, if the Corporation still has accumulated losses, it shall retain the the indemnity amount in advance and then set aside the remuneration of employees and Directors in accordance with the percentages in the preceding paragraph.

Article 27-1 If the Corporation's earnings are present after the closing of a fiscal year, they shall be distributed in accordance with the following order:

- I. Payment of taxes required by law.
- II. Making up the accumulated losses.
- III. Setting aside 10% of said earnings as legal reserve.
- IV. Appropriating or reversing the special surplus reserve as provided by laws or by competent authority regulations.
- V. Except for discretionary retention of earnings, the remaining balance, together with the accumulated undistributed earnings, shall be resolved by the shareholders' meeting after the Board of Directors has prepared a proposal for the distribution of earnings.

The Corporation is in a growth phase, so the amount of dividends to shareholders will be determined by taking into account factors, such as the Corporation's current and future investment environment, capital requirements, domestic and international competition, and future capital expenditures and working capital planning, as well as the interests of shareholders and balancing dividends with the Corporation's long-term financial planning, wherein no less than 20% of the earnings to be distributed shall be cash dividends.

The Corporation authorizes the distributable dividends and bonuses, or legal reserve and special surplus reserve, specified in Paragraph 1 of this Article, 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.

Article 28 The distribution of dividends to shareholders shall be limited to those shareholders whose names appear on the shareholders' list five days prior to the record date on which the dividend and bonus are determined to be distributed.

Chapter IV Supplemental Provisions

Article 29 The Corporation may undertake external guarantee business in accordance with government regulations.

Article 30 Any matters not covered by these Articles of Incorporation shall be governed by the provisions of the Company Act.

Article 31 (deleted)

Article 32 These Articles of Incorporation were formulated by the sponsors' meeting with the consent of all the sponsors on March 24, 1997 and come into force on the date of approval and registration by the competent authority.

The 1st amendment was made on August 11, 1997.

The 2nd amendment was made on July 9, 1998.

The 3rd amendment was made on June 16, 2000.

The 4th amendment was made on July 25, 2000.

The 5th amendment was made on May 25, 2001.

The 6th amendment was made on December 28, 2001.

The 7th amendment was made on June 12, 2002.

The 8th amendment was made on October 22, 2002.
The 9th amendment was made on June 12, 2003.
The 10th amendment was made on February 13, 2004.
The 11th amendment was made on May 4, 2004.
The 12th amendment was made on June 16, 2005.
The 13th amendment was made on June 15, 2006.
The 14th amendment was made on June 15, 2007.
The 15th amendment was made on June 13, 2008.
The 16th amendment was made on June 16, 2009.
The 17th amendment was made on June 18, 2010.
The 18th amendment was made on June 17, 2011.
The 19th amendment was made on June 6, 2012.
The 20th amendment was made on June 14, 2013.
The 21st amendment was made on June 18, 2015.
The 22nd amendment was made on June 15, 2016.
The 23rd amendment was made on June 15, 2018.
The 24th amendment was made on June 13, 2019.
The 25th amendment was made on June 16, 2020.
The 26th amendment was made on July 2, 2021.
Effective from the resolution of the shareholders' meeting, and upon amendment.

ITEQ CORPORATION

Chairperson of the Board: Chin-Tsai Chen

ITEQ CORPORATION

Rules and Procedures of the Shareholders' Meeting

Approved by the shareholders' meeting on July 2, 2021.

1. Purpose

These Rules and Procedures are established in order to provide for compliance with the convening, procedures, resolutions and records related to the Meetings held by the Corporation and to comply with the provisions of relevant laws and regulations.

2. Applicable Scope

Unless otherwise prescribed by relevant laws and ordinances, the Corporation shall duly convene the Meetings exactly in accordance with these Rules and Procedures, including matters relating to the convening, proceedings, resolutions and minutes of the Meetings.

3. Operating Rules

3.1. Convening of the Meetings

3.1.1. If the meeting is convened by the board of directors, the one presiding over the meeting shall be the chairperson of the board of directors. If the chairperson of the board of directors is absent from work or is unable to perform his or her duties for any reason, the chairperson of the board of directors shall designate a director to act on his or her behalf. If the chairperson of the board of directors does not designate such a person, the directors shall elect one of them from amongst themselves to act on his/her behalf. If the meeting is convened by a person with the authority to convene other than the board of directors, such person shall act as the chairperson to preside over that meeting.

3.1.2. The meeting shall be held in the city or county where the corporation is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. And no later than 3:00 p.m.

3.2. Attendance of the meetings

3.2.1. Shareholders or their proxies attending the meeting shall sign in and the sign-in procedure shall be replaced by submitting their sign-in cards. The calculation of the number of shares present shall be based on the sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet.

3.2.2. Attendance and voting at shareholders' meetings shall be based on shares.

3.2.3. The corporation may appoint the retained attorney(s)-at-law, certified public accountant(s) or relevant personnel attend the meeting as non-voting delegates. Staff at the meetings shall wear id badges or arm badges.

3.3. Proceedings and resolutions of the meeting

- 3.3.1. Upon the meeting time, the meeting's chairperson shall declare a meeting open immediately, and shall at the same time announce the information on the number of shares without voting rights and the number of shares present. However, if not enough shareholders representing more than half of the total number of issued shares are present, said chairperson may declare a postponement of the meeting for not more than two times and the total time of the postponement shall not exceed one hour. 3.3.1. upon the meeting time, the meeting's chairperson shall declare a meeting open immediately. However, if not enough shareholders representing more than half of the total number of issued shares are present, said chairperson may declare a postponement of the meeting for not more than two times and the total time of the postponement shall not exceed one hour. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third of the total issued shares after two postponements, a tentative resolution may be passed in accordance with the provisions of the taiwan company act. Upon passing of the preceding tentative resolution, if the number of shares represented by the shareholders or proxies present reaches more than one-half of the total number of issued shares, the meeting chairperson may re-submit said tentative resolution to the meeting for a vote.
- 3.3.2. The agenda for the meeting shall be set by the board of directors if such meeting is convened by the board of directors. Unless otherwise resolved by a resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda. The preceding paragraph shall apply mutatis mutandis to the meeting convened by any person other than the board of directors, with the authority to convene such meeting. The meeting chairperson shall not adjourn the meeting until the proceedings (including extempore motions) scheduled in the preceding agenda are completed unless a resolution is duly resolved in the meeting. Upon the adjournment of the meeting, the shareholders are not entitled to elect another meeting chairperson to continue the meeting at the same place or another venue; however, if the prior meeting chairperson violates the rules and procedures and adjourns the meeting, another meeting chairperson may be elected by a majority of the voting rights of the shareholders present to continue the meeting.
- Election or dismissal of directors; changes in the articles of association; capital reduction; application for halting public offering; permission for directors to compete with the company; capitalization of retained earnings; capitalization of capital reserves; dissolution, merging or demerger of the company; or all items pertaining to article 185, paragraph 1 of the company act; article 26-1 and article 43-6 of the securities and exchange act; and article 56-1 and article 60-2 of the regulations governing the offering and issuance of securities by securities issuers

shall be listed as reasons to convene the meeting, with their essential contents specified, and may not be raised as extempore motions.

Shareholders holding at least one percent of the total number of issued shares may submit a proposal to the corporation for discussion at the regular meeting, limited to only one proposal, and if the number of proposals submitted exceeds one, they shall be all excluded from the agenda. In addition, when any one of the circumstances listed in article 172-1, paragraph 4 of the taiwan company act applies to a proposal put forward by a shareholder, the board of directors may exclude said proposal from the agenda. Shareholders may submit a suggestive proposal to urge the corporation to promote the public interest or fulfill its social responsibilities, procedurally limited to only one proposal, limited to only one proposal, and if the number of proposals submitted exceeds one, they shall be all excluded from the agenda.

The order of discussion and voting on each of the proposals by the shareholders in the extempore motions shall be determined by the meeting chairperson.

- 3.3.3. Before a shareholder or one with his/her authorization speaks at the meeting, he/she must fill in a speech note stating the gist of his/her speech, the shareholder's account number (or attendance card number) and the name of the account, and the order of his/her speech shall be determined by the meeting chairperson. A shareholder or one with his/her authorization at the meeting who submits only a speech note but does not speak at the meeting is deemed to have not spoken. If there is any discrepancy between the contents of the shareholder's speech and the gist recorded on the note, the contents of the speech shall prevail. When a shareholder present is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the meeting chairperson and said speaking shareholder; the meeting chairperson shall stop any such violations.
- 3.3.4. No shareholder or one with his/her authorization may speak more than twice on the same proposal, and each time for not more than five minutes, without the consent of the meeting chairperson. The meeting chairperson may stop the speech of any shareholder that is in violation of the preceding provisions or exceeds the scope of the proposal.
- 3.3.5. In the event that a juristic (corporate) person is entrusted to attend a meeting, said juristic (corporate) person may appoint only one representative to attend said meeting. In the event that a juristic (corporate) person shareholder appoints two or more representatives to attend a meeting, only one representative of them is allowed to speak for the same proposal.
- 3.3.6. After a shareholder present speaks on the floor; the meeting chairperson may answer either in person or designate relevant personnel to reply.
- 3.3.7. When the meeting chairperson considers that the discussion on a proposal has

reached the point where a vote can be taken, he/she may announce that the discussion has ceased, and a vote is taken.

- 3.3.8. The meeting chairperson shall designate the person(s) to monitor the votes and count the votes, but the person(s) to monitor the votes shall be a shareholder and the results of the voting shall be reported on the spot and recorded.
- 3.3.9. During the meeting, the meeting chairperson may announce a break at his/her discretion.
- 3.3.10. Unless otherwise provided in the company act and the corporation's articles of incorporation, a proposal resolution is adopted by a majority of voting rights owned by the shareholders or proxies present at the meeting. During a vote, the meeting chairperson or his/her designated person shall first announce the total number of voting rights of the shareholders present on a case-by-case basis, and the shareholders present shall then vote on a case-by-case basis, and the results of the shareholders' approval, disapproval and abstention shall be entered into the market observation post system on the same day after the meeting.
- 3.3.11. If there is an amendment case or a substitute case to the identical proposal, the meeting chairperson shall put them together and determining the voting order therein. If one of them is adopted, the others shall be deemed to be rejected and no further vote is required.
- 3.3.12. The meeting chairman may direct marshals (or security personnel) to assist in maintaining the order of the meeting. Said marshals (or security personnel) shall wear arm badges marked "marshal" while assisting in maintaining the order of the meeting.

3.4. Election matters of Shareholders' Meeting

In the event of an election of Directors at a shareholders' meeting ("Meeting"), the election shall be conducted in accordance with the relevant election regulations of the Corporation and the election results shall be announced on the spot, including a list of newly elected directors and the number of voting rights they obtained, together with a list of those failed to be elected.

The ballots shall be sealed and signed off by the ballot monitors and be kept for at least a year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Taiwan Company Act, the ballots shall be retained until the conclusion of the litigation.

3.5. Meeting minutes

The Corporation shall record the entire Meeting and keep it for at least one year.

- 4. These Rules and Procedures shall be implemented upon their adoption by the Meeting, and the same applies to the amendments thereto.**

The Rules and Procedures were formulated on June 20, 2002.

The 1st amendment was made on June 15, 2006.

The 2nd amendment was made on June 15, 2018.

The 3rd amendment was made on July 2, 2021.

ITEQ CORPORATION

Procedures for the Acquisition or Disposal of Assets

Approved by the shareholders' meeting on July 2, 2021.

Chapter I General Provisions

I. Purpose and Legal Basis

The Procedures are formulated in accordance with the provisions of Article 36-1 of the Taiwan Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by Financial Supervisory Commission in order to strengthen asset management and implement information disclosure in practice.

II. Unless otherwise provided by law and regulations, ITEQ Corporation (hereinafter referred to as "the Corporation") shall follow the provisions of the Procedures to acquire or dispose of material assets.

III. The term "assets" as used in these Procedures includes the following:

- (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
- (II) Real property (including land, building and structures, real estate held for investment purposes, land usage right, inventories of construction enterprises) and equipment.
- (III) Memberships.
- (IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- (V) Right - of - use assets
- (VI) Derivatives.
- (VII) Assets acquired or disposed of in connection with mergers, split-off, acquisitions, or share transfer in accordance with law.
- (VIII) Other major assets.

IV. Appraisal Procedures:

- (I) The financial and accounting departments shall conduct analyses of relevant benefits and assess possible risks regarding the Corporation's acquisition or disposal of long-term and short-term marketable securities, or engagement in derivatives trading; as for the acquisition or disposal of real property, or other right-to-use assets and other assets, relevant units shall draw up a capital expenditure plan to carry out feasibility assessment on the purpose of acquisition or disposal and the anticipated benefits; if it is a transaction with a related party, the reasonableness of the transaction conditions shall be evaluated in

accordance with Chapter 2 of the Procedures.

- (II) The Corporation shall obtain the most recent financial statements or other relevant information of the subject company audited or reviewed by a certified public accountant prior to the date of acquisition or disposal of the securities for the purpose of appraising the transaction price. If the transaction amount reaches 20% of the Corporation's paid-in capital or NT\$300 million or more, a certified public accountant (CPA) should be consulted to express an opinion on the reasonableness of the transaction price prior to the date of occurrence of the fact. If said CPA needs to adopt an expert report, he/she shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance with regulations set by the Financial Supervisory Commission, R.O.C.
- (III) If the Corporation acquires or disposes of real property, equipment or other right-to-use assets in an amount of 20% or more of the Corporation's paid-in capital or NT\$300 million or more, the Corporation shall first obtain an appraisal report from an objective and impartial professional appraiser before the date of occurrence of the facts, and shall follow the asset appraisal procedures set forth in these Procedures.
- (IV) The calculation of the transaction amounts referred to the preceding two paragraphs shall be done in accordance with the provisions in Article 6, Paragraph 2, Subparagraph 4 of these Procedures, and "within the preceding year" thereof refers to the year preceding the date of occurrence of the current transaction. Appraisal reports issued by professional appraisers or CPA's opinions obtained in accordance with these procedures need not be counted toward the transaction amount.
- (V) In the event of a merger, demerger, acquisition or transfer of shares, the Corporation shall appoint a CPA, attorney-at-law or securities underwriter to express opinions on the reasonableness of the share exchange ratio, the acquisition price or the allotment of cash or other property to the shareholders for discussion and approval by the Board of Directors before convening a resolution meeting of the Board of Directors. However, the Corporation's merger of its subsidiaries in which the Corporation directly or indirectly holds 100 percent of their outstanding shares or total amount of the capital, or mergers between the Corporation's subsidiaries in which the Company directly or indirectly holds 100 percent of the outstanding shares or total amount of the capital, are exempted from obtaining reasonableness opinions issued by the foregoing experts.
- (VI) In addition to the reference of an aforesaid opinions given by a professional appraiser or a CPA, the means of price determination and supporting reference materials for the acquisition or disposal of assets are specified as follows:
 - a. The acquisition or disposal of marketable securities traded on the centralized securities exchange market or OTC exchange is determined by the prevailing price of the shares or bonds at the time of the transaction.
 - b. When acquiring or disposing of securities not traded on the centralized securities

exchange market or OTC exchange, the acquisition or disposition of said securities should take into account the net value per share, technology and profitability, future development potential, market interest rate, coupon rate of the bonds and debtor's creditworthiness, etc., and should be determined by reference to the most recent transaction price at the time.

- c. The acquisition or disposal of other right-to-use assets or memberships shall be determined by taking into account the benefits they can generate and the most recent transaction price at the time. The acquisition or disposal of intangible assets, such as patents, copyrights, trademarks and licenses, shall be determined by taking into account international or market practice, their useful life and their impact on the Corporation's technology and business.
- d. The acquisition or disposal of real property and equipment shall be determined by reference to the announced present value, assessed present value, actual transaction price or book value of adjacent real property, and quotations from suppliers. If the transaction is a related party transaction, the transaction price should first be calculated in accordance with the method stipulated in Chapter 2 of these Procedures to assess whether the transaction price is reasonable.
- e. Derivatives trading should take into account the trading conditions of the futures market, exchange rate and interest rate movements, etc.
- f. Merger, demerger, acquisition or share transfers should take into account things, such as the nature of the business, net value per share, asset value, technology and profitability, production capacity and future growth potential.

V. Operational Procedures:

(I) Authorization Limits and Levels

- a. Marketable securities: The Chairperson of the Board is authorized to make transactions within the limits set forth in Article 8 of these Procedures and must submit them to the most recent Board of Directors for ratification if they meet the notifiable reporting standards in Article 6. However, if the acquisition or disposal of shares, corporate bonds, or private securities not traded on the centralized securities exchange market or OTC exchange, and the transaction amount reaches the announced reporting standards, said acquisition or disposal should be approved by the Board of Directors beforehand. In addition, investment in mainland China shall not be allowed until it is approved by the shareholders' meeting or authorized by the shareholders' meeting to be executed by the Board of Directors and approved by the Investment Commission, MOEA, Taiwan.
- b. Derivative Trading
 - (a) Hedge trading: According to the Corporation's turnover and changes in risk positions, the Chairperson of the Board shall designate personnel to transact the single or cumulative transaction position below US\$1 million (or equivalents in

other currencies). The single or cumulative transaction position over US\$1 million (or equivalents in other currencies) shall be transacted upon approval of the Chairperson of the Board.

- (b) Non-hedge trading: In order to reduce risks, any cumulative transaction position under US\$1 million or less (including the equivalent in other currencies) must be approved by the Chairperson of the Board. Transactions over US\$1 million can only proceed with the approval of the Board of Directors.
- (c) The authorized trader shall notify the bank of derivatives trading to facilitate the bank's relative supervision and management.
- (d) The derivatives trading conducted under the aforesaid authority shall be later reported to the most recent meeting of the Board of Directors.
- c. Related party transaction: Relevant information shall be prepared in accordance with Chapter 2 of these Procedures, submitted to the Audit Committee for approval, and submitted to the Board of Directors for endorsement in order to proceed.
- d. Merger, demerger, acquisition, or transfer of shares: Relevant procedures and preparation of relevant materials shall be handled in accordance with Chapter 4 of the Procedures, wherein mergers, split-offs, acquisitions of shares shall be subject to the resolution of the shareholders' meeting before being carried out. However, other cases exempted from convening a shareholders' meeting for resolutions are not subject to this provision. In addition, share transfer shall be approved by the Board of Directors before being conducted.
- e. Others: The internal control system and the operating procedures specified in the approval authority shall be followed. If the transaction amount reaches the standard for public announcement and reporting in Article 6, except for the acquisition or disposal of machinery and equipment for business use, which may be reported to the Board of Directors for subsequent ratification, the transaction should be approved by the Board of Directors in advance. In the event that there are circumstances stipulated in Article 185 of the Company Act, they shall be first resolved and adopted by the shareholders' meeting first.

(II) Implementation Units and Transaction Process

The Corporation's implementation units for long- and short-term investments in securities and derivative transactions are the finance department and the persons designated by the Chairperson of the Board, while for real property and other assets, the implementation units are the using departments and the relevant accountable units; for merger, demerger, acquisition or share transfers, the Chairperson of the Board shall designate the corresponding implementation units. Upon the required appraisal of and the approval of the acquisition or disposal of assets, the implementation units shall proceed with the process of contract initiation, payments, consignment, inspection and acceptance, and handle them, depending on the nature of the assets, with the related operational processes under the Corporation's internal control system. Meanwhile, related party transactions,

derivatives trading, and merger, demerger, acquisition or transfer of shares shall be carried out in accordance with the provisions of Chapters 2 through 4 of these Procedures.

VI. Procedures for Public Disclosure:

- (I) If the Corporation acquires or disposes of assets under any of the following circumstances, the Corporation shall, in accordance with the nature and format of the regulations, report the relevant information on the website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event
- a. Acquisition or disposal of real property or right-to-use assets from a related party, or assets other than real estate or right-to-use assets with a related party whose transaction amount reaches 20% of the Corporation's paid-in capital, 10% of its total amount of assets, or NT\$300 million or more. trading of bonds under repurchases and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises are not subject to the above provision.
 - b. Engagement in merger, demerger, acquisition, or transfer of shares.
 - c. Losses from derivative transactions amounting to the upper limit of all or individual contract losses specified in Article 8, Paragraph 1 of Chapter 4 of these Procedures.
 - d. Acquisition or disposal of equipment for business use or its right-to-use assets, where the transaction is not with a related party, and the transaction amount reaches NT\$500 million or more.
 - e. Where the real property is acquired under an arrangement on engaging others to build on the Corporation's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
 - f. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of the Corporation's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (a) Trading of government bonds.
 - (b) Trading of bonds under repurchase/resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.
- (II) The number of transactions above shall be calculated as follows:
- a. The amount of any individual transaction.
 - b. The cumulative transaction number of acquisitions and disposals of the same type of underlying asset with the same transaction counterpart within the preceding year.
 - c. The cumulative transaction number of acquisitions and disposals (cumulative

acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

- d. The cumulative transaction number of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" need not be counted toward the transaction amount.

- (III) The Corporation shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format of the attached table into the information reporting website designated by the FSC by the 10th day of each month.
- (IV) When the Corporation at the time of public announcement makes an error or omission in items to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- (V) Where any of the following circumstances occurs with respect to a transaction that the Corporation has already publicly announced and reported in accordance with Paragraphs (1), (3) and (4) of this Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - a. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - b. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - c. Change to the originally publicly announced and reported information.

VII. Procedures for Valuation of Assets:

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Corporation's paid-in capital or NT\$300 million or more, the Corporation, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. However, court documents can be substituted for said appraisal report or opinions issued by a CPA if said assets are acquired or disposed of through court auction.

- (I) Where due to special circumstances it is necessary to give a limited price, specified price,

or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

VIII. Scope and Limits to Investment:

In addition to acquiring assets for business use, the Corporation and its subsidiaries may acquire or dispose of real property and marketable securities that are not for business use, subject to the following limits, respectively. A person joining in the investment in establishing the Corporation or its subsidiaries or serves as a Director of the Board and intends to hold the forgoing real property and marketable securities not for business use for a long period of time need not be counted.

- (I) Where the total amount of real property acquired or disposed of not for business use shall not exceed 20% of the Corporation's net value, and the total amount of real property purchased by each subsidiary of the Corporation not for business use shall not exceed 10% of the Company's net value.
- (II) Where the total amount of marketable securities acquired or disposed of shall not exceed 40% of the Corporation's net value, and the total amount of marketable securities invested

by each subsidiary of the Corporation shall not exceed 20% of the Corporation's net value.

- (III) Where the limit on the acquisition or disposition of individual securities shall not exceed 20% of the Corporation's net value, except for subsidiaries holding 100% of the shares, and the limit on the acquisition or disposition of individual securities by each subsidiary of the Corporation shall not exceed 10% of the Corporation's net value.

IX. Control procedures for the acquisition and disposal of assets by subsidiaries:

- (I) The Procedures also apply to a subsidiary in which the Corporation holds its voting shares or contributes capital in excess of one-half of the total number of issued voting shares or one-half of its capital.
- (II) The Corporation's subsidiaries shall report to the Corporation in writing by the fifth day of each month any derivative transactions engaged in as of the end of the previous month.
- (III) If a subsidiary of the Corporation is not a public company and the assets it acquires or disposes of meet the criteria for public announcement and reporting, it should notify the Corporation within the date of occurrence of the event, and the Corporation shall make an announcement and report on the designated website in accordance with the regulations.
- (IV) The exchange rate for the Procedures is 1:5 for RMB to NTD, and other currencies are subject to the exchange rate announced by the local bank on the date of transaction event.

X. Penalties:

In the event that the Corporation's personnel involved in the acquisition or disposal of assets violate the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or these Procedures, the Corporation shall deal with it by the following rules depending on the circumstances of the violation. The violation will be recorded and used for annual personal performance evaluation.

- (I) Violation of the approval authorization: The first breach shall be treated with an oral warning. The re-offender shall be given a written warning and made to participate in the internal control training course within the Corporation. Those who are recidivist or made serious mistakes shall be transferred.
- (II) Violation of the assessment process: he first breach shall be treated with an oral warning. The re-offender shall be given a written warning and made to participate in the internal control training course within the Corporation. Those who are recidivist or made serious mistakes shall be transferred.
- (III) Non-compliance of public announcement: he first breach shall be treated with an oral warning. The re-offender shall be given a written warning and made to participate in the internal control training course within the Corporation. Those who are recidivists or made serious mistakes shall be transferred.
- (IV) A person who violates rules made by his/her superior shall also receive penalties. However, if it can be reasonably explain that all precautions have been taken, the rule

does not apply.

- (V) If the Board of Directors or a Director violates the relevant regulations and the resolutions of the shareholders' meeting, the Audit Committee shall notify the Board of Directors or said Director to cease its/his/her conduct in accordance with Article 218-2 of the Company Act.

Chapter II Related Party Transactions

XI. Basis of Recognition:

- (I) When the Corporation engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Corporation's total assets, the Corporation shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Chapter.
- (II) The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 4, Paragraph 4 herein.
- (III) The recognition of related parties and subsidiaries is governed by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When judging whether a transaction counterpart is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

XII. Resolution Procedure:

When the Corporation intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterpart.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 or exclusions of Article 14.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of

signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.

(VII) Restrictive covenants and other important stipulations associated with the transaction.

Transaction amounts referred to the preceding paragraph shall be calculated in accordance with the provisions in Article 6, Paragraph 2, Subparagraph 5 of these Procedures, and "within the preceding year" thereof refers to the year preceding the date of occurrence of the current transaction. Items having been submitted to the Audit Committee for concurrence in accordance with the provisions of these Procedures and been proposed to the Board of Directors for approval need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Corporation 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 Corporation's Board of Directors may pursuant to Article 5 delegate the Chairperson of the Board 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:

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

XIII. Appraisal of the reasonableness of transaction terms:

Except for one of the following circumstances, the Corporation acquiring real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means, and shall also engage a CPA to check the appraisal and render a specific opinion: where the related party acquired the real property or right-of-use assets thereof through inheritance or as a gift; where more than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction; where the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Corporation's own land or on rented land; or where the real property right-of-use assets for business use are acquired by the Corporation with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

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

(II) Total loan value appraisal from a financial institution where the related party has

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

- (III) Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding Sub-paragraph (1) and (2).

XIV. Matters to be handled when the appraised transaction cost is lower than the transaction price:

When the results of the appraised transaction cost conducted in accordance with the preceding Article are uniformly lower than the transaction price, the matters shall be handled in compliance with Article 3. However, where the following circumstances exist, objective evidence may be submitted, and specific opinions on reasonableness may be obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

- (I) Where the related party acquired undeveloped land or leased land for development, proof of compliance may be submitted with one of the following conditions:
 - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- (II) Where the Corporation acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

acquisition of the real property or obtainment of the right-of-use assets thereof.

Where the Corporation acquires real property or right-of-use assets thereof from a related party and the results of the appraised transaction cost conducted in accordance with the preceding Article are uniformly lower than the transaction price in the absence of the circumstances mentioned in Paragraphs 1 of this Article, the following steps shall be taken:

- (I) A special reserve shall be set aside according to Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised value and may not be distributed or used for capital increase or issuance of bonus shares. Where the Corporation has set aside a special reserve under the preceding sub-paragraph, the Corporation shall not utilize said special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.
- (II) Audit Committee shall comply with Article 218 of the Company Act.
- (III) Actions taken pursuant to the subparagraph (1) and (2) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Chapter III Control of Derivatives Trading

XV. Trading principles and strategies:

- (I) **Tran type:** The Corporation may engage in the types of derivatives, including forward contracts, options, interest rate and exchange rate exchanges, futures, and composite contracts of the above-mentioned derivatives. Trading of any other type of derivatives shall be approved by the Board of Directors.
- (II) **Operating or hedging strategies:** The Corporation engages in derivatives trading for the purpose of "hedging." Its strategies shall be primarily aimed at hedging operational risks, and the selection of trading derivatives shall be based on hedging the risk of foreign exchange income, expenses, assets or liabilities arising from the Corporation's business operations. Moreover, financial institutions doing business with the Corporation shall be prioritized as the counterpart of the derivatives trading to avoid the occurrence of credit risks. The type of derivatives trading must be clearly defined as a hedge or a financial operation in pursuit of investment income before trading, on which it is based for accounting.
- (III) **Trading amount:**
The total amount of derivatives trading contracts entered into by the Corporation does not exceed, in principle, the Corporation's foreign currency requirements for six months. Additional written petition for any special requirement of derivatives trading must be submitted to the Chairperson of the Board for approval in order to proceed.
- (IV) **Maximum loss limit on total trading and for individual contracts.**

The Corporation shall engage in derivatives trading for hedging purposes, and hedge trades shall be engaged in response to the Corporation's actual needs and the risks to which they are exposed shall be in accordance with the following provisions:

- a. After derivatives trading positions are held, a stop loss point should be set to prevent excess losses. The stop loss point shall be set at an upper limit of 10% of the trading contract amount. If the loss amount exceeds 10% of the trading amount, it shall be reported to the Chairperson of the Board immediately and subsequently reported to the Board of Directors to deliberate on necessary countermeasures.
- b. The maximum amount of loss for an individual trading contract shall not exceed 10% of said trading contract amount.

(V) Segregation of duties

- a. Trading officer: A Corporation's executive officer for derivatives trading, who is designated by the Chairperson of the Board. He/She shall be responsible for the formulation of trading strategies, execution of orders, disclosure of future trading risks, and provision of real-time information to the relevant departments for reference within the scope of the authorization.
- b. Accounting department: It shall be responsible for confirming transactions, recording them in accordance with relevant regulations, maintaining transaction records, regularly evaluating the fair market value of the derivatives trading positions held, and providing them to the designated trading specialists, and disclosing the related matters of derivatives in the financial statements.
- c. Finance department: It shall be responsible for the settlement of derivatives trading.

(VI) Essentials of performance evaluation

- a. Hedge trading: The performance shall be evaluated on the basis of both the cost of exchange (interest) rate in the Corporation's books and the gain or loss arising from engaging in derivatives financial trading. The performance shall be evaluated at least twice per month and presented to the management for reference.
- b. Trading for specific purpose
The performance shall be evaluated on the basis of actual gain or loss arising from the trading. The performance shall be evaluated at least once per month and presented to the management for reference.

XVI. Risk management measures:

When engaging in derivatives trading, the Corporation's scope of risk management and the risk management measures thereto are as follows:

- (I) Credit Risk Consideration: Financial institutions and futures brokers with a good reputation for providing professional information are selected as counterparties for trading.
- (II) Market Risk Consideration: As losses arising from derivatives' market price fluctuations in the future are uncertain, once the position is established, the stop-loss point shall be

strictly observed.

- (III) Liquidity Risk Consideration: To ensure the liquidity of derivatives, the trading body must have sufficient equipment, information, trading capacity, and be able to trade in any market.
- (IV) Operational Risk Consideration: Authorization trading limits and operational procedures must be followed to avoid operational risks.
- (V) Legal Risk Consideration: Any contractual documents signed with financial institutions should, as far as possible, use international standardized documents to avoid legal risks.
- (VI) Derivatives Risk Consideration: An internal trading officer should have complete and correct expertise in derivatives traded to avoid losses due to misuse of derivatives.
- (VII) Cash Settlement Risk Consideration: The authorized trading officer shall strictly comply with the requirements within the authorized trading amount, and not only that, he/she shall pay attention usually to the Corporation's cash flow to ensure that sufficient cash is available for payment at the time of settlement.
- (VIII) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
- (IX) Personnel in charge of confirmation shall regularly perform reconciliation or confirmation with the bank with which the Corporation does business, and constantly certify that the aggregated trading amount does not exceed the limits regulated in these Procedures.
- (X) Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the subparagraph (1) and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
- (XI) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel ((Note: senior management personnel not from executive units should be designated.) authorized by the Board of Directors.

XVII. Internal audit system:

- (I) The Corporation's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading and prepare an audit report. If any material violation is discovered, it should be reported immediately to the Chairperson of the Board and senior management personnel designated by the Board of Directors, and each Independent Director of the Board shall be notified in writing.
- (II) The Corporation's internal audit personnel shall include derivatives trading in the audit plan and report the implementation of the previous year's audit plan to the competent authority by the end of February; in addition, the improvement in irregular circumstances

shall be reported to the competent authority for future reference no later than the end of May.

XVIII. Regular evaluation methods and the handling of irregular circumstances:

- (I) Derivatives trading shall be regularly evaluated on a monthly or weekly basis, and the profit and loss for the month or week and the open interest positions of non-hedging trading shall be compiled and presented to senior management personnel authorized by the Board of Directors and the Chairperson of the Board for management performance evaluation and risk measurement purposes.
- (II) Senior management personnel designated by the Corporation's Board of Directors shall monitor and control the risk of derivatives trading at all times. The Board of Directors shall also evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
- (III) Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:
 - a. Periodically evaluate whether the risk management measures currently employed are appropriate and faithfully conducted in accordance with the relevant provisions in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the competent authority and the Procedures for engaging in derivatives trading formulated by the Corporation.
 - b. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors, which an Independent Director shall be present at the Board meeting and express an opinion.
- (IV) When engaging in derivatives trading, the Corporation shall establish a log book in which details of the types and amounts of derivatives trading engaged in, the Board of Directors approval dates, monthly or weekly evaluation reports, and regular assessments performed by the Board of Directors and senior management personnel authorized by the Board of Directors shall be recorded.

Chapter IV Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

XIX. In the event of a merger, demerger, acquisition or transfer of shares, the Corporation shall appoint a CPA, attorney-at-law or securities underwriter to express opinions on the reasonableness of the share exchange ratio, the acquisition price or the allotment of cash or other property to the shareholders for discussion and approval by the Board of Directors before convening a resolution meeting of the Board of Directors.

XX. Where the Corporation participates in a merger, demerger, acquisition, or transfer of shares, the Corporation shall prepare a public report to shareholders detailing important contractual content

and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Corporation from convening a shareholder meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution, or the proposal is rejected by the shareholders meeting, the Corporation shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

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

- (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors' meetings.

When participating in a merger, demerger, acquisition, or transfer of shares, the Corporation shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the competent authority for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Corporation shall sign an agreement with such company whereby the latter is required to abide by the provisions as set forth under Paragraphs 2 and 3 of this Article.

XXI. When participating in a merger, demerger, or acquisition, the Corporation shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance and grants consent; when participating in a transfer of shares, the Corporation shall convene a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance and grants consent.

XXII. Share exchange ratio and acquisition price:

The share exchange ratio or acquisition price of a merger, demerger, acquisition, or transfer of shares shall not be arbitrarily altered unless under the below-listed circumstances:

- (I) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
- (II) An action, such as a disposal of major assets, that affects the Corporation's financial operations.
- (III) such as a major disaster or major change in technology, that affects shareholder equity or share price.
- (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

XXIII. Matters to be recorded in the contract regarding a merger, demerger, acquisition, or transfer of shares:

The contract for participation by the Corporation in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in said merger, demerger, acquisition, or transfer of shares, the circumstances in which the share exchange ratio or the acquisition price may be changed as described in the preceding Article, and the following matters as well:

- (I) Handling of breach of contract.
- (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (III) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (IV) The manner of handling changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and anticipated completion date.
- (VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

XXIV. Other matters to note when the Corporation participates in a merger, demerger, acquisition, or transfer of shares:

- (I) Every person participating in or privy to the plan for merger, demerger, acquisition, or

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

- (II) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (III) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Corporation shall sign an agreement with said non-public company whereby the latter is required to abide by the provisions of Article 21 and the preceding two subparagraphs of this Article.

Chapter V Other Material Matters

XXV. Upon acquiring or disposing of assets, the Corporation shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the Corporation, where they shall be retained for 5 years except where another act provides otherwise.

XXVI. Professional appraisers and their officers, certified public accounts and securities underwriters that provide the Corporation 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. However, this provision does not apply if 3 years have passed since the completion of the sentence, since the expiration of the suspended sentence, or since a pardon was granted.
- (II) Shall not be a related party or de facto related party of any party to the transaction.
- (III) If the Corporation 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.

XXVII. Regarding these Procedures or other regulations which are legally required to be approved by the Board of if any Director expresses dissent and it is contained in the minutes or a written statement, the Corporation shall submit the Director's dissenting opinion to each supervisor. The Board of Directors shall also take into full consideration each Independent Director's opinion. 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.

XXVIII. Prior to implementing these Procedures, said Procedures shall be approved by the Audit Committee, submitted to the Board of Directors for approval, and then submitted to the shareholders' meeting for approval; the same applies when these Procedures are amended.

Annex IV

Share Ownership of All Directors of the Board

Upon the date (April 16, 2022) for suspension of share transfer for a regular shareholders' meeting, the shareholding of all Directors recorded in the shareholders' list:

Position	Name	Date Elected	Term of Office	Type	Shareholding While Elected		Current Shareholding	
					Number of Shares	Shareholding Ratio (%) Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%) Shareholding Ratio (%)
Chairperson of the Board	Chin-Tsai Chen	2021.07.02	3 years	Ordinary Share	1,354,419	0.41%	4,411,132	1.15%
Director of the Board	Hsin-Hui Tsai	2021.07.02	3 years	Ordinary Share	505,600	0.15%	713,386	0.19%
Director of the Board	WIN Semiconductors Corp. Representative: Joe Tsen	2021.07.02	3 years	Ordinary Share	33,538,011	10.07%	65,408,733	17.08%
Director of the Board	Fu-Cun Development Co., Ltd. Representative: Jin-Yuan Wang	2021.07.02	3 years	Ordinary Share	29,915,038	8.98%	33,168,897	8.66%
Director of the Board	Fu-Cun Development Co., Ltd. Representative: Shih-Fang Cheng	2021.07.02	3 years	Ordinary Share	29,915,038	8.98%	33,168,897	8.66%
Independent Director	Zhao-Rong Yang	2021.07.02	3 years	Ordinary Share	0	0.00%	0	0.00%
Independent Director	Po-Chiao Chou	2021.07.02	3 years	Ordinary Share	2,158	0.00%	2,417	0.00%
Independent Director	Xiu-Zong Liang	2021.07.02	3 years	Ordinary Share	0	0.00%	0	0.00%
Independent Director	Hui-Fen Chan	2021.07.02	3 years	Ordinary Share	216	0.00%	216	0.00%

Total issued shares: 382,957,218 shares on April 16, 2022

The minimum required combined shareholding of all Directors by law: 15,318,289 shares

The combined shareholding of all Directors on April 16, 2022: 103,704,781 shares (27.08%)