

ITEQ CORPORATION

2022 Annual General Shareholders' Meeting Minutes (Translation)

Time: June 14, 2022 (Tuesday) at 9:00 am

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

Meeting Method: Physical Shareholders' Meeting

Attending Shareholders: The total number of shares represented by shareholders attending the meeting in person or by proxy is 283,971,711 shares (including casted electronically 280,007,985 shares), representing 74.15% of the total number of issued shares of the Company (i.e., 382,957,218 shares.)

Attending Directors: Chin-Tsai Chen (Chairman), Hsin-Hui Tsai (Director), Po-Chiao Chou (Convener of the Auditing Committee, Independent Director), Zhao-Rong Yang (Independent Director), Xiu-Zong Liang (Independent Director)

Attendees: Cheng-Hsiu Yang (CPAs of Deloitte & Touche)

Chairman: Chin-Tsai Chen

Recorder: Hui-ling Lu

I. As the number of shares represented by attending shareholder has reached the required quorum for shareholders' meeting, the chairman declares the shareholders' meeting begins

II. Chairperson Remarks: (Omitted)

III. Management Presentations

Report No. 1

Subject: 2021 Business Report

see Appendix I (page 5)

Report No. 2

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

see Appendix II (page 8)

Report No. 3

Subject: Report on the 2021 Distribution of Remuneration for Employees and Directors
(see handbook)

Report No. 4

Subject: Report on the 2021 Profit Distribution in the Form of Cash Dividends
(see handbook)

IV. Adoptions

Proposal No.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:

Shares represented at the time of voting : 283,971,711

Voting Results*	% of the total represented share present
Votes in favor : 282,190,802 votes (278,227,076 votes)	99.37%
Votes against : 94,703 votes (94,703 votes)	0.03%
Votes invalid : 0 votes	0.00%
Votes abstained : 1,686,206 votes (1,686,206 votes)	0.59%

*Including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby were accepted as submitted.

V. Discussions

Discussion No. 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:

Shares represented at the time of voting : 283,971,711

Voting Results*	% of the total represented share present
Votes in favor : 282,367,095 votes (278,403,369 votes)	99.43%
Votes against : 81,493 votes (81,493 votes)	0.02%
Votes invalid : 0 votes	0.00%
Votes abstained : 1,523,123 votes (1,523,123 votes)	0.53%

*Including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby were accepted as submitted.

Discussion No. 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:

Shares represented at the time of voting : 283,971,711

Voting Results*	% of the total represented share present
Votes in favor : 282,367,050 votes (278,403,324 votes)	99.43%
Votes against : 81,498 votes (81,498 votes)	0.02%
Votes invalid : 0 votes	0.00%

Votes abstained : 1,523,163 votes (1,523,163 votes)	0.53%
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*Including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby were accepted as submitted.

Discussion No. 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:

Shares represented at the time of voting : 283,971,711

Voting Results*	% of the total represented share present
Votes in favor : 282,362,435 votes (278,398,709 votes)	99.43%
Votes against : 84,308 votes (84,308 votes)	0.02%
Votes invalid : 0 votes	0.00%
Votes abstained : 1,524,968 votes (1,524,968 votes)	0.53%

*Including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby were accepted as submitted.

VI. Questions and Motions: None

VII. Adjournment: At 9:17 a.m. of June 14, 2022.

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)		Unappropriated Earnings		Other Item Equity (Note 19)			Total Equity
	Shares (Thousands)	Share Capital (Note 19)	Legal Reserve	Special Reserve	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	\$ 1,372,300	\$ 205,680	\$ 4,248,130	\$ 581,111	\$ (2,279)				\$ 8,925,531	
Appropriation of 2019 earnings	-	-	-	-	(246,330)	-	-				-	
Legal reserve	-	-	246,330	-	(246,330)	-	-				-	
Special reserve	-	-	-	377,710	(377,710)	-	-				-	
Cash dividends	-	-	-	-	(1,664,786)	-	-				(1,664,786)	
Issuance of ordinary shares for cash	30,000	300,000	-	-	-	-	-				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	-	(150)	138,604			138,532	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,665,643	-	(150)	138,604			2,804,097	
BALANCE AT DECEMBER 31, 2020	332,957	3,329,572	1,618,630	583,390	4,624,947	(442,507)	(2,429)				13,393,654	
Appropriation of 2020 earnings	-	-	-	-	(266,564)	-	-				-	
Legal reserve	-	-	266,564	-	(266,564)	-	-				-	
Special reserve	-	-	-	(138,454)	138,454	-	-				-	
Cash dividends	-	-	-	-	(1,664,786)	-	-				(1,664,786)	
Capital increase by cash	50,000	500,000	-	-	-	-	-				6,494,343	
Share-based payment due to issuance of ordinary shares (Note 24)	-	-	-	-	-	-	-				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	-	(6,745)	(62,501)			(67,363)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,146,686	-	(6,745)	(62,501)			3,077,440	
BALANCE AT DECEMBER 31, 2021	382,957	\$ 3,829,572	\$ 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	5,978,737	25	4,624,947	25
Total retained earnings	<u>8,308,867</u>	<u>35</u>	<u>6,826,967</u>	<u>37</u>
Other items in equity	(514,182)	(2)	(444,936)	(3)
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	(2,049)	-	(150)	-
	<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 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. <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> <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 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 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 amendments to the percentage of</p>	<p>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 <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</u> hold office for three years; re-elected Directors are entitled to serve consecutive terms.</p> <p>The directors shall comply with the rules of the securities competent authority concerning minimum share ownership.</p> <p>~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.</p> <p>~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 The Board of Directors is organized by Directors with the following functions:</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.</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 <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>The 27th amendment was made on <u>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><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>3.1.2. 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>3.1.3. <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></p> <p>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.</p> <p>~Hereinafter omitted~</p>	<p>by securities investment trust enterprises.</p> <p>~Hereinafter omitted~</p>	
<p>Article 7</p> <p>Procedures for Valuation of Assets:</p> <p>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</p> <p>Procedures for Valuation of Assets:</p> <p>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>

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<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 item-by-item evaluation of the <u>comprehensiveness, accuracy, and reasonableness</u> of the sources of</p>	

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<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>	