



TSEC Corporation AGM Agenda

Handbook, 2022

Time of AGM: 9:00 am, June 9 (Thursday), 2022

Venue of AGM: No. 335-12, Daxi Road, Pingdong City, Pingdong County
(Pingdong Plant of the Company)

TSEC Corporation

AGM Agenda Handbook, 2022

Table of Content

One. Procedure of the Meeting	1
Two. Agenda of the Meeting	2
I. Report Matters	4
II. Matters to be Ratified	6
III. Discussion Matters	7
IV. Election	9
V. Other Motions	10
VI. Extemporaneous Motions	11
VII. Adjournment	11
Three. Attachments	
I. Business Report, 2021	12
II. Audit Committee Report, 2021	19
III. Status Report of Robust Operation Program Execution	20
IV. Director's Remuneration Policy Report	22
V. Comparison Table of Amendments to Regulations Governing Procedure for Board of Directors Meetings	25
VI. Comparison Table of Amendments to Ethical Corporate Management Best Practice Principles	29
VII. Auditor's Report and Financial Statements for 2021	37
VIII. Earnings Distribution Table 2021	57
IX. Comparison Table of Articles of Incorporation Before and After Amendment	58
X. Comparison Table of Procedures for Shareholders Meetings Before and After Amendment	59
XI. Comparison Table of Procedures for Lending Funds to Other Parties Before and After Amendment	60
XII. Comparison Table of Procedures for Endorsement and Guarantee Before and After Amendment	64
XIII. Comparison Table of Regulations Governing the Acquisition and Disposal of Assets Before and After Amendment	70
XIV. Director and Independent Director Candidate List	82

XV. Proposal to Relieve Director Candidates from the Non-Competition Restrictions	84
-----------------------------------------------------------------------------------	----

Four. Appendix

I. Article of Incorporation (Before Amendment)	85
II. Rules of Procedure for Shareholders' Meetings	92
III. Procedures for Lending Funds to Other Parties (Before Amendment)	95
IV. Procedures for Endorsement and Guarantee (Before Amendment)	101
V. Regulations Governing the Acquisition and Disposal of Assets (Before Amendment)	106
VI. Shareholding of directors	127

TSEC Corporation
Meeting Procedure of AGM, 2022

- I. Announcing the commencement
of meeting
- II. Chair's speech
- III. Report Matters
- IV. Matters to be ratified
- V. Discussion Matters
- VI. Election
- VII. Other motions
- VIII. Extemporaneous motions
- IX. Adjournment

TSEC Corporation

AGM Agenda, 2022

I. Report Matters

Proposal 1: Business report, 2021

Proposal 2: Auditing report for settlement of 2021 by the Audit Committee

Proposal 3: Status Report of Robust Operation Program Execution

Proposal 4: Report on the Handling of Private Preferred Equity Cases

Proposal 5: 2011 Annual Report on Remuneration Distribution for Employees and Directors

Proposal 6: Director's Remuneration Policy Report

Proposal 7: Report on Amendment to Regulations Governing Procedure for Board of Directors Meetings

Proposal 8: Report on Amendment to Ethical Corporate Management Best Practice Principles

II. Matters to be Ratified

Proposal 1: Ratifying the business report of 2021 and each financial statement

Proposal 2: Ratifying the Company's 2021 Annual Earnings Distribution

III. Discussion Matters

Proposal 1: Amending some provisions in the Company's "Articles of Incorporation"

Proposal 2: Amending some provisions in the Company's "Procedures for Shareholders Meetings"

Proposal 3: Amending some provisions in the Company's "Procedures for Lending Funds to Other Parties"

Proposal 4: Amending some provisions in the Company's "Procedures

for Endorsement and Guarantee”

Proposal 5: Amending some provisions in the Company’s “Regulations
Governing the Acquisition and Disposal of Assets”

IV. Election

V. Other Motions

VI. Extemporaneous motions

VII. Adjournment

[Report Matters]

Proposal 1

Subject: Business report, 2021

Description: Please refer to Attachment 1 of the handbook (Page 12~18) for the business report, 2021.

Proposal 2

Subject: Auditing report for settlement of 2021 by the Audit Committee

Description: Please refer to Attachment 2 of the handbook (Page19) for the Audit Committee report

Proposal 3

Subject: Status Report of Robust Operation Program Execution

Description: Please refer to Attachment 3 of the handbook (Page 20~21) for the Status Report of Robust Operation Program Execution

Proposal 4

Subject: Report on the Handling of Private Preferred Equity Cases

Description: On April 7, 2011, the Company's general shareholders' meeting passed a resolution to handle the private placement of preferred shares within the quota of 75,000,000 shares. The Company completed the offering of 25,894,736 shares on December 2, 2021, and its unissued quota is 49,105,264 shares. Since the issuance period is about to expire, it will not continue to issue within the remaining period.

Proposal 5

Subject: 2011 Annual Report on Remuneration Distribution for Employees and Directors.

Description: 1. Based on Articles of Incorporation article 24-1-1 and 24-1-2, if the Company makes a profit in the year, the board of directors shall decide to allocate no less than 5% as employee compensation, and no more than 5% as director remuneration.

2. The pre-tax net profit of the Company in 2011 was NT\$47,843,052 (the same below), the employee compensation was proposed to be NT\$2,392,153, accounting for about 5.00% of the pre-tax net profit, and the directors' remuneration was NT\$1,440,000, accounting for about 3.01% of the pre-tax net profit, which complied with the provisions of the Article of Incorporation.

3. The amount of employee compensation and director's remuneration allocated in the preceding paragraph is to be paid in cash. The date of payment and related matters are to be authorized by the chairman of the board.

Proposal 6

Subject: Director's Remuneration Policy Report

Description: The Company's remuneration policy for directors is in accordance with the provisions of the company's Article of Incorporation. For relevant policies, content and amount of individual remuneration, please refer to Attachment 4 (Page 22).

Proposal 7

Subject: Report on Amendment to Regulations Governing Procedure for Board of Directors Meetings

Description: In order to comply with the procedures for the board of directors of public offering companies and the amendments to the Company Law and the Securities and Exchange Law, the Company's "Regulations Governing Procedure for Board of

Directors Meetings" have been revised. Please refer to Attachment 5 (Page 25-28)

Proposal 8

Subject: Report on Amendment to Ethical Corporate Management Best Practice Principles.

Description: 1. In accordance with the provisions of the Stock Exchange's May 23, 2019 Tai Zheng Zhi Zi No. 1080008378 Letter, it is proposed to amend some provisions of the Company's "Ethical Corporate Management Best Practice Principles".

2. Please refer to Attachment 6 of the handbook (Page29) for the Ethical Corporate Management Best Practice Principles

[Matters to be Ratification]

Proposal 1

(Proposed by the Board of Directors)

Subject: Please ratify the business report of 2021 and each financial statement.

Description: I. The business report, parent company-only and consolidated financial statements of 2021 have been audited and certified by Deloitte's Accountant Huang, Hai-Yue and Chen, Chiang-Hsun; along with the business report, such reports are audited by the Audit Committee.

II. Please refer to Attachment 1 (Page12) and Attachment 7 (Page 37) of the handbook for the business report, auditor's report, and financial statements.

Resolution:

Proposal 2

(Proposed by the Board of Directors)

Subject: Please ratify Annual Earnings Distribution 2021

Description: 1. The loss to be made up at the beginning of the current period is NT\$681,540,639, the loss made up by capital reserve is NT\$681,540,639, and the net profit after tax for 2021 is NT\$46,316,982. After setting aside the statutory surplus reserve of NT\$4,631,698 and the special surplus reserve of NT\$41,685,284, the undistributed surplus at the end of the period was NT\$0.

2. Please refer to Attachment 8 of the handbook (Page57) for the table of Annual Earnings Distribution 2021.

Resolution:

[Discussion Matters]

Proposal 1

Proposed by the Board of Directors)

Subject: Amending some provisions in the Company's "Articles of Incorporation"

Description: I. In order to make the Company's ways of convening shareholders' meetings more flexible, in accordance with the provisions of Article 172-2 Item 1 of the "Articles of Incorporation", it is planned to convene the shareholders' meeting by video conference, and the 10th article of "Articles of Incorporation " will be amended.

II. Please refer to Attachment 9 (Page 58) of the handbook for the comparison table of the provision before and after amendment

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Subject: Amending some provisions in the Company's "Procedures for Shareholders Meetings."

Description: In order to cooperate with the revision of the regulations of the authority, it is proposed to revise some provisions of the Company's "Rules of Procedure for Shareholders' Meeting." Please refer to Attachment 10 (Page 59) of the handbook for the comparison table of the provisions before and after amendment.

Resolution:

Proposal 3 (Proposed by the Board of Directors)

Subject: Amending some provisions in the Company's "Procedures for Lending Funds to Other Parties."

Description: In order to cooperate with the revision of the regulations of the authority and the Company's management, it is proposed to revise some provisions of the Company's "Procedures for Lending Funds to Other Parties." Please refer to Attachment 11 (Page 60) of the handbook for the comparison table of the provisions before and after amendment.

Resolution:

Proposal 4 (Proposed by the Board of Directors)

Subject: Amending some provisions in the Company's "Procedures for Endorsement and Guarantee"

Description: In order to cooperate with the revision of the regulations of the authority and the Company's management, it is proposed to revise some provisions of the Company's "Procedures for Endorsement and Guarantee." Please refer to Attachment 12 (Page 64) of the handbook for the comparison table of the provisions before and after amendment.

Resolution:

Proposal 5

(Proposed by the Board of Directors)

Subject: Amending some provisions in the Company's "Regulations
Governing the Acquisition and Disposal of Assets"

Description: In order to cooperate with the revision of the regulations of the authority and the Company's management, it is proposed to revise some provisions of the company's "Regulations Governing the Acquisition and Disposal of Assets." Please refer to Attachment 13 (Page 70) of the handbook for the comparison table of the provision before and after amendment.

Resolution:

[Election]

(Proposed by the Board of Directors)

Subject: Proposal for re-election of directors of the Company

Description: I. The current term of directors of the Company will expire on March 28, 2022, and should be re-elected in accordance with the law.

II. Pursuant to Article 16 of the Articles of Incorporation, the Company has 7 to 11 directors, each with a term of three years. The candidate nomination system is adopted. The term is three years, and they can be re-elected. 8 directors are to be elected in this re-election, including 3 independent directors, who will take office immediately after the end of this general meeting of shareholders, and the term of office will be from June 9, 2022 to June 8, 2025. The incumbent directors will be dismissed immediately after the conclusion of the ordinary shareholders' meeting.

- III. The professional qualifications of independent directors and other matters to be complied with shall be handled in accordance with the Company Law and the relevant laws and regulations of the competent securities authority.
- IV. The list of directors and independent directors was resolved by the Board of Directors. Please refer to Attachment 14 (Page 82) of the handbook for the education, experience and other related information of candidates.

Result of Election:

[Other Motions]

(Proposed by the Board of Directors)

Subject : Proposal to relieve the non-compete restrictions on directors is submitted for consideration.

Description : I. Based on Company Law Article 209 “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

II. The directors of the Company may invest or operate other companies with the same or similar business scope as the Company and act as directors, without damage to the interests of the Company, according to the provisions of Article 209 of the Company Law, relieve the non-compete restrictions on new directors is proposed to be approved in the shareholders' meeting.

III. Please refer to Attachment 15 for contents of the proposed application to relieve the non-compete restrictions on directors (Page 84) of the handbook.

Resolution :

[Extemporaneous Motions]

[Adjournment]

TSEC Corporation 2021 Business Report

I. 2021 Business Results

1. Achievements of business plan

Since the successful transformation in 2018, TSEC's business strategy has been changed to focus on domestic module sales. TSEC brand awareness and product sales continue to lead the peers in Taiwan's optoelectronics market. The Company's 2021 operating performance was fair, mainly due to the high price fluctuations in the upstream, making it difficult to transfer the costs of module orders from large-scale solar projects, so in Q2 and Q3, the Company suffered losses. However, since Q4, the domestic market has entered a rush of installation; the price of modules in the end market rose together, and the losses turned into profits for the whole year. Major operating strategies in 2021 include:

(1) Introduced the advanced manufacturing processes and led the peers in Taiwan

In 2021, the Company began to introduce new equipment for new generations such as M6, M10 and above successively. These advanced processes, including new production lines for cells and modules, which will help TSEC to maintain its leading position in technology and products. Due to the pandemic, the technicians of cell/module equipment manufacturers were unable to come to Taiwan immediately to assist in the adjustment of the new production lines, resulting in a slight delay in the M6 mass production schedule. However, with the help of the new equipment, the attention of international and domestic downstream customers has been attracted.

(2) Actively seek cooperation opportunities with international major manufacturers

Since 2020, TSEC has started to cooperate with international major manufacturers for nearly two years of new cell testing. In 2021, TSEC actively switch the testing spec from G1 to the newer M6 cells. The products are likely to expand to communication application from power generation; it is expected the shipment in mid- to large-scale in 2022. This opportunity made TSEC well-known in Taiwan, and it also proved that the quality of the Company's products has been jointly recognized by international major manufacturers.

(3) In 2021, the module market in Taiwan accounted for more than 30% of the annual sales share.

TSEC's cumulative module sales volume in 2021 was 570MW. Comparing to the same period in 2020, the sales volume of modules increased by about 113%. The

main reason was that in addition to obtaining module orders from some large-scale project fields, when prices of materials increased, the Company still honored the contracts in good faith, and maintains a good and mutual reliable supply-demand relationship with small and medium-sized customers. According to the statistics, the Company's share of the Taiwan market in the overall sales has exceeded 30% for the whole year.

(4)Reduced bank lending rates, completed the first phase of private placement to strengthen the financial structure

Following Q4 2020, the Company successfully raised NT\$1.7 billion, and at the end of the same year, the Company passed a large-amount governmental interest subsidy for staying in Taiwan, which has effectively improved the overall financial structure in Q1 2021. In order to solidify the cooperation with international major manufacturers, the Company privately placed total 25.89 million shares in November 2021, with a total amount of nearly NT\$615 million. About 31% of the placement is invested by the National Development Fund, Executive Yuan, and the rest are subscribed by domestic solar energy manufacturers in the up- and downstream supply chain; the funds were used for the expansion of the second cell production line and operations.

The Company actively cultivates the Taiwan market. Being led by the government's green energy policy, large-scale project fields have continued to be opened. The production and sales are relatively stable and the average production and sales were close to 90%. However, due to the pandemic in mainland China in Q2 2021 became severe, leading to the price rises of raw materials. As the costs of long-term contract with large orders could not be transferred immediately, losses were generated in Q2 and Q3. Until Q4, the prices of materials were stabilized, and triggered by the rush of installation at the downstream, the whole year earned the profit instead of losses, mainly contributed to the success of the Company's strategies such as dynamic adjustment of product prices and diversification of procurement risks.

2. Status of budget implementation: According to the current laws and regulations, the Company does not disclose the 2021 financial budgets.

3. Financial income and expenses and profitability analysis (IFRS)

(1) Financial income

Unit: In NT\$1,000

Item/Year	2020	2021
Pre-tax net income	(325,403)	46,249
Net cash generated by operating activities (outflow)	(143,325)	500,909
Net cash used in investing activities	(258,596)	(1,331,287)
Net cash inflow used in financing activities	1,601,419	259,749
Effect of exchange rate changes on cash and cash equivalents	(1,416)	(3,843)
Net outflow of cash and cash equivalents	1,198,082	(574,472)
Beginning of year cash and cash equivalents	433,772	1,631,854
End of year cash and cash equivalents	1,631,854	1,057,382

(2) Profitability analysis

Unit: %

Item/Year	2020	2021
Return on assets	(3.02)	0.47
Return on shareholders' equity	(5.96)	0.93
Operating Income to paid-in capital ratio	(6.62)	1.27
Profit margin	(6.16)	0.77
After-tax earnings per share (NT\$)	(0.74)	0.10

4. Status on research and development

The Bureau of Energy of the Ministry of Economic Affairs has organized nomination of high-quality solar products (Taiwan Excellent PV Awards) since 2013, and the Company has won awards for seven consecutive years (2014 to 2020). In response to the domestic VPC demand, we are committed to improving the production quality of monocrystalline V-cells, while taking into consideration the improvements to conversion efficiency and yield, in order to reach the goal of optimizing the manufacturing process and reducing production costs. We have developed the multi-busbar (MBB) technology, thereby improving battery efficiency, and introduced equipment for large-sized batteries and M6-sized batteries to increase the total battery wattage. Regarding the output wattage of 60-cell and 72-cell modules, we have also introduced new materials to optimize the module packaging, further increasing the output wattage of modules. Other

innovative technologies we use include the development of new battery structures (such as tunnel oxide passivated contacts (TopCon), heterojunction technology solar cells (HJT), interdigitated back contact (IBC) solar cells and others) and new-generation module packaging (such as patch modules, shingled modules, high-density modules, etc.)

II. Summary of **2022** Business Plan

1. Business Guidelines

The solar photovoltaic market in Taiwan will embrace a prosperous year in 2022. The fluctuation of material prices and the control of inventory will be essential to the Company's operation and management.

Estimating based on the Company's financial model, if there is no labor shortage, the production costs of TSEC's solar modules can achieve certain economies of scale. The increase from two production lines to four production lines will achieve an annual capacity of 1.5GW, and it is estimated that the cost per watt will be further reduced. The Company's module manufacturing costs symbolizes the leadership among several major manufacturers in Taiwan. Considering labor and inflation, the manufacturing cost per watt (excluding material cost) should have the opportunity to compete with Southeast Asian modules; however, the material cost is relatively unstable, testing the Company's ability to price the procurement and transfer costs.

The structure of mid-range photovoltaic project fields in Taiwan is very different from the roof type in the past. With the implementation and evolution of government policies, the structure has changed from the roof to the subsidence of the ground, to the solar panels above fish farms, the promotion of green energy has continued to increase. The Company's operating strategy not only takes price inflation into account, but also must expand outward from the previous domestic market, and insist the operating strategy with four pillars, namely “low cost,” “high quality,” “differentiation” and “quick response to market changes.”

2. Expected sales and its basis: The Company has does not disclose the 2021 financial forecasts.

3. Important manufacturing and sales policies

- (1) Accelerate the introduction of large-size product differentiation and improve production quality and efficiency

Currently there are the latest cell/module production lines in Taiwan, and the only

domestic manufacturer capable of making M10 and G12 large-size cells is TSEC. From the current average output efficiency of M6 bifacial cells, the annual average efficiency target will be pushed up to nearly 23%. The new production capacity with larger size will not only help the Company to differentiate its products in Taiwan, but the increase in wattage will also help to reduce production costs and improve overall profitability.

(2) Increase capacity utilization and reduce production costs with economies of scale

Maintaining the capacity utilization rate above 85% will help further reduce production costs and lead the industry.

(3) Improve procurement pricing power

Although the Company was affected by the shortage of materials such as chips, glass and EVA in Q2 and Q3 2021, it was still the manufacturer least impacted among Taiwanese manufacturers. In addition to the integration of the management team, including materials, production management, and finance for the inventory positioning, the Company's capacity also plays an essential role in the supply chain. With the expansion of the Company's capacity, the procurement unit will further enhance the interaction with suppliers in terms of materials, and give good pricing pressure.

(4) Strive for the highest market share in Taiwan's module market and continue to expand overseas markets

The Company has become a real bellwether in solar optoelectronic manufacturing in Taiwan in the second half of 2020, and the market share of modules sold has increased from 25% at the beginning of the year to 30% for the year. With the government's vigorous promotion of green energy and the support of large-scale orders, the Company is helped to further increase its market share, with a target of more than 35%. In addition, with the international turmoil, Taiwanese manufacturers are relatively a good option for overseas markets, so TSEC will not be absent in the international market, and has conducted numerous international partnership and certification, waiting to show its strengths.

III. Future Development Strategies

TSEC will continue to focus on improving product quality and promoting streamlined management. It will conduct diversified developments in terms of product strategy. From solar power generation, communication applications to energy storage systems, these options will be the key pillars in the Company's medium and long-term product development strategy. Other than product planning, more attentions were paid to ESG and corporate governance internationally than in the past. On the one hand, the Company will continue to implement corporate governance policies, enhance and improve the

performance of operation management, to shape and deepen corporate governance culture. The goal is not lower than the second level of corporate governance evaluation; on the other hand, a carbon risk and carbon asset management system will be established to meet the ultimate goal of carbon neutrality. For the carbon footprints generated by related units, products, services and other activities, the management will be established for inquiry, carbon reduction and offset, and thus the sustainable development of a low-carbon environment is promoted.

IV. Impact of the Competitive Environment, Regulatory Environment, and Macroeconomic Environment

Many countries around the world have stipulated through the Paris Agreement that 2050 is the year of net zero carbon emissions to fight against unusual changes in the climate. As one of the member states, Taiwan must defend the line that the temperature rise should not exceed 1.5°C. In order to keep this promise of long-term carbon emissions reduction, our government is committed to the adjustment of national renewable energy rate, green transformation of industries, zero-carbon buildings and carbon-negative technology (the above does not include the use of nuclear power to generate electricity). The following is an analysis to estimate the competitive situation in 2022 based on the Company's experience in 2021:

- (1) The VPC policy remains unchanged, and improving technology and capacity is the key to preventing overseas manufacturers from invading the Taiwanese market

The government launched the optoelectronic pioneer VPC program since 2016, providing a protective umbrella for the photovoltaic and effectively prevents Chinese manufacturers from entering the Taiwanese market through unfair competition.

- (2) Brand new large-size cells/module production capacity, coping with the mainstream in the international market

In 2021, the international optoelectronic market will be dominated by the PERC monocrystalline cell M6 (side length 166mm); however, the generation gap between Taiwanese and the international mainstream products is nearly a year, and the G1 (side length 158.75mm) chip specification is still the main product in Taiwan. The difference of wattage resulted from size is about 10%. The Company has already constructed a new production line for cells and modules, which is compatible with the optoelectronic products of different sizes for production, and is expected to enhance the competitiveness of the Company's product specifications after 2022.

- (3) Applying a more efficient process to increase production capacity, so the Company may

lead the Taiwanese peers

After the rapid introduction of high-efficiency optoelectronic products M6 and above in the global market, the end market in Taiwan has also begun to seek higher-efficiency products to reduce installation costs and improve returns. Therefore, while seeking greater capacity, the manufacturers shall be aware that high capacity does not equal to the output of mainstream high-efficiency module products. Just like the consumer electronic market, new products are introduced all the time, and only the partnership with large-capacity optoelectronic manufacturers with higher performance, the early profits are secured. The Company's cell plants have introduced relevant new processes, and optimized the M6 and M10 machine stations to improve efficiency and yield.

V. Conclusion

For 2022, the Company will make every effort to increase its domestic market share of modules and continue to develop project sites to meet the domestic demand, and then expand into the overseas market to live up to the expectation of all shareholders.

Best wishes to all valued shareholders.

TSEC Corporation
Chairman: Weiren Invenstment
Representative: Liao, Kuo-Ron
President: Hung, Cheng-Jen
Accounting Manager: Chang, Li-Ling

April 30, 2022

TSEC Corporation

Audit Committee Report

The board of directors has produced the Company's 2021 business report, financial statements and proposals for offsetting losses, and the financial statements (both consolidated and standalone) have been audited by certified accountants Alice Huang and Connie Chen of Deloitte Taiwan, with the auditing report attached. The abovementioned documents have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Sincerely,

The 2022 Annual General Meeting

Convener of the Audit Committee: Lin, Gu-Tong

May 7, 2022

Status Report of Robust Operation Program Execution

I. Summary of Robust Operation Program

(1) Research, Development, and Procurement:

1. Deepening the Partnerships: providing stable and high quality sources of batteries and modules, such as silicon chips, gel materials, tedlars, and EVA, to ensure the technology leadership and material sourcing for the Company's product R&D.
2. During the process of converting specifications, supplies of both new and old specifications are ensured to be stable: The procurement function closely monitor the supply of M6 sized chips as the reference to the time of upgrading machines. Secure short-term material supply contracts with the major suppliers in the market, to ensure stable sources of chips. For gels, new vendors are continuously introduced for achieve a better cost/performance ratio.
3. Cultivation of R&D Talents: partnering with the scholars in the solar energy field at colleges in Taiwan. Not only developing innovative process technologies, many talents in the solar energy field are also cultivated. It is also expected to engage them for the Company, to establish an outstanding model of industry-academy partnership.

(2) Business Development

The short term plan for the Company is to root the down-stream models, and this is also TSEC's core of operation. Competitive module companies are lacking in Taiwan. However, the high-performance solar batteries and modules of TSEC have obtained certain market share. To adapt with the active promotion of the domestic solar power system and green energy policies by Taiwanese government, TSEC takes Taiwan as the major selling base for its solar modules, and looks to position the overseas sales.

In the future, to promote the renewable energies, the government has the law to stipulate these power users whose power contract exceeding certain capacity shall participate the installation of renewable energy related equipment, and purchase certificates of renewable energies; breaching this law results in penalties. For long-run, the operation approach will actively shift from manufacturing to expanding and building power plants on land, to embrace the liberalization of power and carbon right trading business. It is expected to facilitate the major domestic power users to build and operate solar power plants, while integrating the solar photovoltaic manufacturing-related industries to develop the smart energy.

(3) Financial Structure.

While maintaining robust financial structure is always the prerequisite, the funds required for operation are raised timely, to serve as the momentum for the Company's production and sales growth, and finally the sustainable operation.

II. Execution Status of 2021 (Unit: Thousand NTD)

Year	2021	2020	Difference	%
Operating Revenue	6,157,192	4,623,829	1,533,363	33.16%
Operating Gross Income	411,264	488,933	(77,669)	-15.89%
Net Operating Income (Loss)	56,702	(295,041)	351,743	119.22%
Pre-Tax Net Income (Loss)	46,249	(325,403)	371,652	114.21%
After-Tax Net Income (Loss)	47,702	(284,866)	332,568	116.75%

- (1) The operating income is mainly due to the successful transformation strategy and

the coordination of the government's green energy policy. The overall efficiency has been greatly improved compared with the previous year. At present, the sales of the company's modules have tended to grow steadily.

- (2) The main reason for operating gross profit is that after the change in sales orientation, solar cells have become one of the raw materials for solar module products, and module products are close to the market. However, in 2011, the price of raw materials for solar products increased, resulting in a slight decline in gross profit.
- (3) The operating strategies ahead will still focus on the high-performance solar modules, and the development of product mix such as solar power plants, and seek to create the best condition to improve profit for the best interests of shareholders.

Director's Remuneration Policy Report

The remuneration policy, system, standard and structure of the company's general directors and independent directors are based on the relation between the responsibilities, risks, investment time and other factors and the amount of remuneration, and are described as follows:

1. According to the Company's Article of Incorporation, the remuneration of the directors of the Company, regardless of the Company's operating profit or loss, shall be assessed by the compensation and remuneration committee for the degree of participation and contribution to the Company's operation, and authorizes the board of directors to regulate on the basis of the evaluation of the compensation and remuneration committee and the usual standards of the industry. The Company may set different salaries for independent directors and general directors.
2. The Company's Article of Incorporation also stipulate that no more than 5% of the annual profit shall be used as the director's remuneration. In addition, according to the Company's "Directors and Managers Salary and Remuneration Management Regulations", the payment of directors' remuneration is governed by the following principles :
 - (I) The remuneration of the directors of the Company should be based on the usual level of payment in the industry, and the value of individual directors' participation and contribution to the Company's operations should be measured, The chairman's office will discuss and submit the remuneration committee to evaluate the company's financial status and operational performance, and submit the review results to the board of directors for approval and support.
 - (II) If the general director is also an employee, the amount of the director's salary may be adjusted according to the salary of the employees.
 - (III) The directors (including independent directors) of the Company may, in addition to the previous (I) director's salary, also report the distribution of bonuses according to the achievement of the business performance targets, or for those who have made special contributions to the Company's operation; the remuneration committee will evaluate the rationality of the business

performance targets, and the content of special contributions to the Company's operation and also consider the annual financial and operating performance, and submit the evaluation results to the board of directors for approval.

List of the individual remuneration of the directors of the Company in 2011 is as follows:

2021 Payment of remuneration to directors, supervisors, general managers and deputy general managers

1. Remuneration of directors (including independent directors) Unit : NTD thousand ; %

Title	Name	Remuneration for Directors				Ratio of total amount (A+B+C+D) to net income	Compensation for part-time employees								Ratio of total amount (A+B+C+D+E+F+G) to net income
		Remuneration (A)	Pension (B)	Remuneration (C)	Business practice expense (D)		Labor remuneration (G)	Pension (F)	Salary, bonus, allowance, etc. (E)						
										Companies included in the financial statements		The Company			
										cash	stock	cash	stock		
										Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		
Chairman	Weiren Investment Limited Representative: Liao, Kuo-Ron	1,540	1,540	1,540	1,540	3.4%	7,593	7,593	108	108	108	108	108	108	108
Director	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	1,280	1,280	1,280	1,280	2.9%	3,981	3,981	108	108	108	108	108	108	108
Director (Note)	Farglory Land Development Co., Ltd. Representative: Lin, Li-Chiang	621	621	621	621	1.4%	1	1	1	1	1	1	1	1	1
Director (Note)	Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	621	621	621	621	1.4%	1	1	1	1	1	1	1	1	1

TSEC Corporation

Comparison Table of Amendments to Regulations

Governing Procedure for Board of Directors

Meetings

Article	After Amendment	Before Amendment	Explanation
7	<p>(Chair and acting chair of a board meeting) Board meetings shall be convened and chaired by the <u>chairman of the board</u>. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair. <u>According to Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Law, if the board of directors is convened by more than half of the directors on their own, the directors shall elect one person from each other to be the chairman.</u> When the chairman of the board is on leave or for any reason unable to exercise the powers of chairperson, one of the directors shall be appointed to act as chair. If no such designation is made by the chairman, the directors shall select one person from among themselves to serve as chair.</p>	<p>(Chair and acting chair of a board meeting) Board meetings shall be convened and chaired by the chairman of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair. When the chairman of the board is on leave or for any reason unable to exercise the powers of chairperson, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.</p>	<p>1. In accordance with the revision and adjustment of the text in Article 10 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. 2. In accordance with the amendment of Article 203 Paragraph 4 and Article 203-1 of the Company Law.</p>
11	<p>(Discussion of proposals) A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting. The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 5 shall apply mutatis mutandis.</p>	<p>(Discussion of proposals) A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting. The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p>	Item adjustment

Article	After Amendment	Before Amendment	Explanation
12	<p>(Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <p>The Corporation's business plan.</p> <p>The annual financial report <u>signed or stamped by the chairman, manager and accounting supervisor and the second quarter financial report which must be verified and certified by a certified public accountant (CPA).</u></p> <p>Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>The offering, issuance, or private placement of equity-type securities.</p> <p>The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity</p>	<p>(Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <p>The Corporation's business plan.</p> <p>Annual and <u>semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</u></p> <p>Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>The offering, issuance, or private placement of equity-type securities.</p> <p>The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity</p>	<p>Comply with the amendments to Article 14-5 of the Securities and Exchange Act.</p>

Article	After Amendment	Before Amendment	Explanation
	<p>shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	<p>shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	
15	<p>(Recusal system for directors)</p> <p>If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p> <p>Where a director is prohibited by the <u>preceding two paragraphs</u> from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.</p>	<p>(Recusal system for directors)</p> <p>If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p> <p>Where a director is prohibited by <u>the first paragraph</u> from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.</p>	In accordance with the amendment to Article 16 of the "Procedures for the Board of Directors of Public Companies".

Article	After Amendment	Before Amendment	Explanation
18	<p>(Supplementary provisions)</p> <p>These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.</p> <p>The Procedure is established on June 27, 2010.</p> <p>The 1st amendment was conducted on June 20, 2013.</p> <p>The 2nd amendment was conducted on December 21, 2018.</p> <p><u>The 3rd amendment was conducted on November 10, 2021.</u></p>	<p>(Supplementary provisions)</p> <p>These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.</p> <p>The Procedure is established on June 27, 2010.</p> <p>The 1st amendment was conducted on June 20, 2013.</p> <p>The 2nd amendment was conducted on December 21, 2018.</p>	Add revision date.

TSEC Corporation

Comparison Table of Amendments to Regulations Governing Procedure for Board of Directors Meetings

Article	Amended Content	Original Content	Note
	<p>Article 3</p> <p>When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p>	<p>Article 3</p> <p>When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p>	<p>According to the Stock Exchange, Taiwan Zhengzhizhi No. 1080008378 Letter 5/23/2019, amend some of the provisions, such as the difference in red. (the same below)</p>
1	<p>Article 6</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development</p>	<p>Article 4</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development</p>	
	<p>Article 7</p> <p>The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating. In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>Article 5</p> <p>The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating. In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	
2	<p>Article 8</p> <p>The Company shall establish a risk assessment</p>	<p>Article 6</p> <p>It is advisable for The Company to refer to</p>	

	<p>mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</p> <p>It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</p> <p>Offering and acceptance of bribes.</p> <p>Illegal political donations.</p> <p>Improper charitable donations or sponsorship.</p> <p>Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>Engaging in unfair competitive practices.</p> <p>Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</p> <p>Offering and acceptance of bribes.</p> <p>Illegal political donations.</p> <p>Improper charitable donations or sponsorship.</p> <p>Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p>	
	<p>Article 9</p> <p>The Company shall request their directors and managers to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</p> <p>The Company and their respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and managers on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</p>	<p>Article 7</p> <p>The Company and their respective business group shall clearly specify the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	
	<p>Article 10</p> <p>The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.</p> <p>Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.</p> <p>When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the</p>	<p>Article 8</p> <p>The Company shall engage in commercial activities in a fair and transparent manner.</p> <p>Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.</p> <p>When entering into contracts other parties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved</p>	

	trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.	in unethical conduct, the Company may at any time terminate or rescind the contracts.	
	<p>Article 11</p> <p>When conducting business, the Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p>	<p>Article 9</p> <p>When conducting business, the Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name.</p>	
	<p>Article 12</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>Article 10</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	
	<p>Article 13</p> <p>When making or offering donations and sponsorship, the Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Article 11</p> <p>When making or offering donations and sponsorship, the Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	
	<p>Article 14</p> <p>The Company and their directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p>	<p>Article 12</p> <p>The Company and their directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p>	
	<p>Article 15</p> <p>The Company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</p>	None	
	<p>Article 16</p> <p>The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating</p>	None	

	customers, suppliers, territories, or lines of commerce.		
	<p>Article 17</p> <p>In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.</p>	None	
	<p>Article 18</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</p> <p>Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</p> <p>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business</p>	<p>Article 13</p> <p>The Board of Directors of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p>	

	<p>scope which are possibly at a higher risk for unethical conduct.</p> <p>Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>		
	<p>Article 19</p> <p>The Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p>Article 14</p> <p>The Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	
	<p>Article 20</p> <p>The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The Company's directors and, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>Article 15</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. The Company's directors, and managers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	
	<p>Article 21</p> <p>The Company's shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, based on the results of assessment of the risk of</p>	<p>Article 16</p> <p>The Company's shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The results of examination in the preceding paragraph shall be submitted by</p>	

	<p>involvement in unethical conduct, devise relevant audit plans? including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</p>	<p>internal audit people to the board of directors in writing in the form of an audit report.</p>	
	<p>Article 22</p> <p>The Company shall establish operational procedures and guidelines in accordance with Article 7 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <p>Standards for determining whether improper benefits have been offered or accepted.</p> <p>Procedures for offering legitimate political donations.</p> <p>Procedures and the standard rates for offering charitable donations or sponsorship.</p> <p>Rules for avoiding work-related conflicts of interests and how they should be reported and handled.</p> <p>Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.</p> <p>Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.</p> <p>Handling procedures for violations of these Principles.</p> <p>Disciplinary measures on offenders.</p>	<p>None</p>	
	<p>Article 23</p> <p>The chairman, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>Article 17</p> <p>The Company shall periodically organize awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	
	<p>Article 24</p> <p>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include</p>	<p>Article 18</p> <p>The company shall provide proper reporting channels, and keep the identity of the whistleblower and the contents of the report</p>	

	<p>at least the following:</p> <p>An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</p> <p>Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</p> <p>Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</p> <p>Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to The Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.</p>	<p>confidential. The company should clearly define the punishment and complaint system for violating the integrity management regulations, and immediately disclose information such as the professional title, name, date of the violation, content of the violation and the handling situation on the company's internal website.</p>	
	<p>Article 25</p> <p>The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.</p>		
	<p>Article 26</p> <p>The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.</p>	<p>Article 19</p> <p>The Company shall disclose the implementation of its integrity management on the company's website, annual report and prospectus.</p>	
	<p>Article 27</p> <p>The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate</p>	<p>Article 20</p> <p>The Company shall at all times monitor the development of relevant local and international regulations concerning ethical</p>	

	<p>management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	<p>corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p>	
	<p>Article 28 The ethical corporate management best practice principles of The Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting. The Procedure is established on March 17, 2014. The 1st amendment was conducted on December 21, 2018. The 2nd amendment was conducted on March 7, 2022.</p>	<p>Article 4 These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The Procedure is established on March 17, 2014. The 1st amendment was conducted on December 21, 2018.</p>	



Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel : + 886 (2) 2725 - 9988
Fax: + 886 (2) 4051 - 6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
EC Corporation

Opinion

We have audited the accompanying financial statements of TSEC 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 the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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.

The key audit matter of the Company's financial statements for the year ended December 31, 2021 is described as follows:

Validity of Occurrence of Revenue from New Customers in the

Top Ten Revenue-Contributing Section

The sales revenue from new customers in the top ten revenue-contributing section for the year ended December 31, 2021 was \$2,166,453 thousand, which accounted for 34.64% of the Company's operating revenue, and is material to the Company's financial statements. In addition, as the management may be under pressure to achieve the financial goals, there is an increased inherent risk of fraud in revenue recognition. Thus, the risk of revenue recognition related to the actual occurrence of the sales transactions with the new customers in top ten revenue-contributing section has been identified as a key audit matter. For the related accounting policies, refer to Note 4 of the financial statements.

We understood the Company's internal controls over sales transactions with new customers in the top ten revenue-contributing section and designed corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing on the transactions with new customers in the top ten revenue-contributing section on a sample basis by inspecting third-party shipping documents, the customers' receipts of delivery, cash payments and whether there were material sales returns after the reporting period in order to confirm that the sales revenue from the new customers in the top ten revenue-contributing section are free from material misstatement.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 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.

TSEC 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 (Notes 4 and 6)	\$ 1,048,598	10	\$ 1,616,670	17
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	60,006	1
Accounts receivable (Notes 4, 8 and 23)	754,026	7	685,147	7
Accounts receivable from related parties (Notes 4, 23 and 31)	88,484	1	153,981	2
Other receivables (Notes 4 and 8)	12,418	-	29,097	-
Other receivables from related parties (Notes 4 and 31)	196	-	235	-
Current tax assets (Notes 4 and 24)	55	-	108	-
Inventories (Notes 4 and 9)	1,572,140	15	806,611	8
Other current assets (Notes 16 and 32)	243,739	3	157,347	2
Total current assets	3,719,656	36	3,509,202	37
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	6,063	-	6,455	-
Investments accounted for using the equity method (Notes 4 and 11)	332,461	3	157,469	2
Property, plant and equipment (Notes 4, 12, 17, 28 and 32)	4,873,104	48	4,851,851	52
Right-of-use assets (Notes 4 and 13)	10,356	-	10,144	-
Investment properties (Notes 4, 14 and 32)	175,260	2	187,789	2
Other intangible assets (Notes 4 and 15)	4,254	-	1,436	-
Deferred tax assets (Notes 4 and 24)	223,392	2	220,050	2
Other non-current assets (Notes 16, 28 and 32)	885,283	9	426,115	5
Total non-current assets	6,510,173	64	5,861,309	63
TOTAL	\$ 10,229,829	100	\$ 9,370,511	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17, 28 and 32)	\$ 598,972	6	\$ 514,431	5
Short-term bills payable (Notes 17 and 32)	-	-	279,366	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	243	-	1,464	-
Contract liabilities (Notes 4, 23 and 31)	294,232	3	46,708	1
Accounts payable (Note 18)	1,001,106	10	616,254	7
Other payables (Notes 19 and 28)	327,686	3	223,330	2
Lease liabilities - current (Notes 4, 13 and 28)	9,178	-	8,658	-
Current portion of long-term borrowings (Notes 17, 28 and 32)	412,623	4	379,434	4
Other current liabilities	6,428	-	11,020	-
Total current liabilities	2,650,468	26	2,080,665	22
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 28 and 32)	2,140,785	21	2,516,435	27
Provisions (Note 4)	14,695	-	12,374	-
Deferred tax liabilities (Notes 4 and 24)	1,242	-	248	-
Lease liabilities - non-current (Notes 4, 13 and 28)	1,533	-	1,809	-
Preferred stock liabilities (Notes 4 and 21)	287,949	3	-	-
Guarantee deposits received (Note 28)	3,705	-	2,335	-
Total non-current liabilities	2,449,909	24	2,533,201	27
Total liabilities	5,100,377	50	4,613,866	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital	4,457,967	44	4,457,967	48
Capital surplus	800,321	8	1,154,811	12
Unappropriated earnings (accumulated deficits)	46,317	-	(681,541)	(7)
Other equity	(175,153)	(2)	(174,592)	(2)
Total equity attributable to owners of the company	5,129,452	50	4,756,645	51
TOTAL	\$ 10,229,829	100	\$ 9,370,511	100

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

TSEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 6,253,966	100	\$ 4,702,866	100
OPERATING COSTS (Notes 9, 20 and 23)	<u>5,852,878</u>	<u>93</u>	<u>4,218,263</u>	<u>90</u>
GROSS PROFIT	401,088	7	484,603	10
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(1,418)	-	(1,630)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>1,018</u>	<u>-</u>	<u>19</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>400,688</u>	<u>7</u>	<u>482,992</u>	<u>10</u>
OPERATING EXPENSES (Notes 20, 23 and 31)				
Selling and marketing	94,290	2	90,861	2
General and administrative	197,990	3	261,730	5
Research and development	44,555	1	47,685	1
Expected credit loss reversed (reversal of credit loss) (Note 8)	<u>16,449</u>	<u>-</u>	<u>(2,534)</u>	<u>-</u>
Total operating expenses	<u>353,284</u>	<u>6</u>	<u>397,742</u>	<u>8</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 12 and 23)	<u>1,386</u>	<u>-</u>	<u>(383,848)</u>	<u>(8)</u>
GAIN (LOSS) FROM OPERATIONS	<u>48,790</u>	<u>1</u>	<u>(298,598)</u>	<u>(6)</u>
NON-OPERATING EXPENSES				
Finance costs (Note 23)	(79,125)	(1)	(115,379)	(2)
Share of profit or loss of subsidiaries and associates (Notes 4 and 11)	(5,386)	-	(2,628)	-
Interest income	1,162	-	636	-
Rental income (Note 31)	22,702	-	19,020	-
Other income (Note 31)	16,006	-	23,629	-
Loss on disposal of investments, net (Notes 4 and 11)	(975)	-	-	-
Foreign exchange gain, net (Note 23)	45,070	1	47,726	1
Gains or losses on financial assets (liabilities) at fair value through profit or loss	<u>(4,233)</u>	<u>-</u>	<u>(1,397)</u>	<u>-</u>
Total non-operating expenses	<u>(4,779)</u>	<u>-</u>	<u>(28,393)</u>	<u>(1)</u>

(Continued)

TSEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	%	Amount	%
GAIN (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 44,011	1	\$ (326,991)	(7)
INCOME TAX BENEFIT (Notes 4 and 24)	<u>2,306</u>	<u>-</u>	<u>41,141</u>	<u>1</u>
NET INCOME (LOSS)	<u>46,317</u>	<u>1</u>	<u>(285,850)</u>	<u>(6)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	(392)	-	1,243	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 22)	(211)	-	(399)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>42</u>	<u>-</u>	<u>80</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(561)</u>	<u>-</u>	<u>924</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 45,756</u>	<u>1</u>	<u>\$ (284,926)</u>	<u>(6)</u>
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	<u>\$ 0.10</u>		<u>\$ (0.74)</u>	
Diluted	<u>\$ 0.10</u>		<u>\$ (0.74)</u>	

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

(Concluded)

TSEC CORPORATION

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

	Retained Earnings				Other Equity		Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on		
					the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments	
BALANCE AT JANUARY 1, 2020	\$ 3,790,167	\$ 5,460	\$ -	\$ (395,691)	\$ (381)	\$ (175,135)	\$ 3,224,420
Issuance of ordinary shares for cash	667,800	1,055,124	-	-	-	-	1,722,924
Recognition of employee share options by the Company (Note 25)	-	94,227	-	-	-	-	94,227
Net loss for the year ended December 31, 2020	-	-	-	(285,850)	-	-	(285,850)
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(319)	1,243	924
Total comprehensive loss for the year ended December 31, 2020	-	-	-	(285,850)	(319)	1,243	(284,926)
BALANCE AT DECEMBER 31, 2020	4,457,967	1,154,811	-	(681,541)	(700)	(173,892)	4,756,645
Capital surplus used to offset accumulated deficits	-	(681,541)	-	681,541	-	-	-
Issuance of preferred stock for cash	-	327,051	-	-	-	-	327,051
Net loss for the year ended December 31, 2021	-	-	-	46,317	-	-	46,317
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(169)	(392)	(561)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	46,317	(169)	(392)	45,756
BALANCE AT DECEMBER 31, 2021	\$ 4,457,967	\$ 800,321	\$ -	\$ 46,317	\$ (869)	\$ (174,284)	\$ 5,129,452

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

TSEC 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		
Profit (loss) before income tax	\$ 44,011	\$ (326,991)
Adjustments for:		
Depreciation	513,995	576,760
Amortization	1,499	1,803
Expected credit loss reversed (reversal of credit loss)	16,449	(2,534)
Net loss on fair value changes of financial instruments at fair value through profit or loss	4,233	1,397
Finance costs	79,125	115,379
Interest income	(1,162)	(636)
Shared-based payment expenses recognized	-	94,227
Share of loss (profit) of subsidiaries and associates	5,386	2,628
(Gain) loss on disposal of property, plant and equipment	(1,386)	2,196
Loss on disposal of associates	975	-
Impairment losses recognized on property, plant and equipment	-	381,652
Loss on inventories valuation and obsolescence	44,629	11,756
Unrealized gain on transactions with subsidiaries and associates	1,418	1,630
Realized gain on transactions with subsidiaries and associates	(1,018)	(19)
Net gain on foreign currency exchange	(326)	(1,737)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	54,552	(59,939)
Accounts receivable	(88,616)	(517,610)
Accounts receivable from related parties	65,497	(156,597)
Other receivables	(1,922)	(60)
Other receivables from related parties	39	62
Inventories	(810,158)	(337,802)
Other current assets	(90,074)	(121,630)
Contract liabilities	247,524	(37,937)
Accounts payable	387,315	232,903
Other payables	97,051	18,444
Provisions	2,321	4,530
Other current liabilities	(4,592)	4,969
Cash generated from (used in) operations	566,765	(113,156)
Interest received	1,378	420
Finance costs paid	(64,515)	(113,189)
Income tax refunded	53	3
Net cash generated from (used in) operating activities	503,681	(225,922)

(Continued)

TSEC CORPORATION

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	\$ -	\$ -
Net cash inflow on disposal of associates	-	-
Increase in investment in subsidiaries accounted for using the equity method	(182,276)	(22,984)
Net cash inflow on disposal of subsidiaries	312	-
Payments for property, plant and equipment (Note 28)	(826,262)	(338,031)
Proceeds from disposal of property, plant and equipment	1,769	9,758
Increase in refundable deposits	(126,047)	-
Decrease in refundable deposits	-	33,974
Decrease in other receivables	17,700	-
Payments for intangible assets	(4,317)	(192)
Increase in other financial assets - restricted assets	(17,634)	-
Decrease in other financial assets - restricted assets	<u>-</u>	<u>149,149</u>
Net cash used in investing activities	<u>(1,136,755)</u>	<u>(168,326)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	88,673	-
Decrease in short-term borrowings	-	(202,453)
Increase in short-term bills payable	-	279,366
Decrease in short-term bills payable	(279,366)	-
Proceeds from long-term borrowings	131,942	1,946,880
Repayments of long-term borrowings	(474,403)	(2,140,681)
Proceeds from issuance of preferred stocks	615,000	-
Increase in guarantee deposits received	1,370	-
Repayments of the principal portion of lease liabilities	(14,697)	(16,989)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>1,722,924</u>
Net cash generated from financing activities	<u>68,519</u>	<u>1,589,047</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,517)</u>	<u>(1,017)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(568,072)	1,193,782
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,616,670</u>	<u>422,888</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,048,598</u>	<u>\$ 1,616,670</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders TSEC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TSEC Corporation (the "Company") 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

The key audit matter of the Group's consolidated financial statements for the year ended

December 31, 2021 is described as follows:

Validity of Occurrence of Revenue from New Customers in the Top Ten Revenue-contributing Section

The sales revenue from new customers in the top ten revenue-contributing section for the year ended December 31, 2021 was \$2,166,453 thousand, which accounted for 35.19% of the Group's operating revenue, and is material to the Group's consolidated financial statements. In addition, as the management may be under pressure to achieve the financial goals, there is an increased inherent risk of fraud in revenue recognition. Thus, the risk of revenue recognition related to the actual occurrence of the sales transactions with the new customers in top ten revenue-contributing section has been identified as a key audit matter. For the related accounting policies, refer to Note 4 of the consolidated financial statements.

We understood the Group's internal controls over sales transactions with new customers in the top ten revenue-contributing section and designed corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing on the transactions with new customers in the top ten revenue-contributing section on a sample basis by inspecting third-party shipping documents, the customers' receipts of delivery, cash payments and whether there were material sales returns after the reporting period in order to confirm that the sales revenue from the new customers in the top ten revenue-contributing section are free from material misstatement.

Other Matter

We have also audited the parent company standalone financial statements of TSEC 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, 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 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.

TSEC 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 (Notes 4 and 6)	\$ 1,057,382	10	\$ 1,631,854	17
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	60,006	1
Accounts receivable (Notes 4, 8 and 24)	754,026	7	686,323	7
Accounts receivable from related parties (Notes 4, 8, 24 and 33)	88,484	1	74,606	1
Other receivables (Notes 4 and 8)	12,418	-	29,097	-
Other receivables from related parties (Notes 4 and 33)	196	-	170	-
Current tax assets (Notes 4, 25 and 28)	55	-	223	-
Inventories (Notes 4 and 9)	1,572,140	15	806,611	9
Other current assets (Notes 17 and 34)	<u>244,163</u>	<u>3</u>	<u>161,290</u>	<u>2</u>
Total current assets	<u>3,728,864</u>	<u>36</u>	<u>3,450,180</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	6,063	-	6,455	-
Investments accounted for using the equity method (Notes 4 and 12)	323,355	3	114,252	1
Property, plant and equipment (Notes 4, 13, 18, 28 and 32)	4,873,104	48	4,951,333	53
Right-of-use assets (Notes 4, 14 and 28)	10,356	-	10,144	-
Investment properties (Notes 4, 15 and 34)	175,260	2	187,789	2
Other intangible assets (Notes 4 and 15)	4,254	-	1,436	-
Deferred tax assets (Notes 4, 24 and 28)	223,392	2	220,252	2
Other non-current assets (Notes 17, 30 and 33)	<u>885,283</u>	<u>9</u>	<u>476,604</u>	<u>5</u>
Total non-current assets	<u>6,501,067</u>	<u>64</u>	<u>5,968,265</u>	<u>63</u>
TOTAL	<u>\$ 10,229,931</u>	<u>100</u>	<u>\$ 9,418,445</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 30 and 34)	\$ 598,972	6	\$ 514,431	5
Short-term bills payable (Notes 18, 30 and 34)	-	-	304,155	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	243	-	1,464	-
Contract liabilities (Notes 4 and 24)	294,232	3	46,708	1
Accounts payable (Note 19)	1,001,106	10	616,254	7
Other payables (Notes 20 and 30)	327,693	3	223,980	2
Lease liabilities - current (Notes 4, 14, 28 and 30)	9,178	-	8,658	-
Current portion of long-term borrowings (Notes 18, 30 and 34)	412,623	4	379,434	4
Other current liabilities	<u>6,428</u>	<u>-</u>	<u>11,020</u>	<u>-</u>
Total current liabilities	<u>2,650,475</u>	<u>26</u>	<u>2,106,104</u>	<u>22</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 30 and 34)	2,140,785	21	2,516,435	27
Provisions (Note 4)	14,695	-	12,374	-
Deferred tax liabilities (Notes 4 and 25)	1,242	-	1,054	-
Lease liabilities - non-current (Notes 4, 14, 28 and 30)	1,533	-	1,809	-
Preferred stock liabilities - non-current (Notes 4 and 22)	287,949	3	-	-
Guarantee deposits received (Note 30)	<u>3,705</u>	<u>-</u>	<u>2,335</u>	<u>-</u>
Total non-current liabilities	<u>2,449,909</u>	<u>24</u>	<u>2,534,007</u>	<u>-</u>
Total liabilities	5,100,384	50	4,640,111	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	4,457,967	44	4,457,967	48
Capital surplus	800,321	8	1,154,811	12
Unappropriated earnings (accumulated deficits)	46,317	-	(681,541)	(7)
Other equity	<u>(175,153)</u>	<u>(2)</u>	<u>(174,592)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>5,129,452</u>	<u>50</u>	<u>4,756,645</u>	<u>51</u>
NON-CONTROLLING INTERESTS	<u>95</u>	<u>-</u>	<u>21,689</u>	<u>-</u>
Total equity	<u>5,129,547</u>	<u>50</u>	<u>4,778,334</u>	<u>51</u>
TOTAL	<u>\$ 10,229,931</u>	<u>100</u>	<u>\$ 9,418,445</u>	<u>100</u>

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

TSEC 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 (Loss) Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 33 and 39)	\$ 6,157,192	100	\$ 4,623,829	100
OPERATING COSTS (Notes 9, 21 and 24)	<u>5,745,928</u>	<u>93</u>	<u>4,134,896</u>	<u>89</u>
GROSS PROFIT	411,264	7	488,933	11
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>(502)</u>	<u>-</u>	<u>(1,582)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>410,762</u>	<u>7</u>	<u>487,351</u>	<u>11</u>
OPERATING EXPENSES (Notes 21, 24 and 33)				
Selling and marketing	94,290	2	90,861	2
General and administrative	200,152	3	262,532	6
Research and development	44,555	1	47,685	1
Expected credit loss (reversed) on accounts receivable (Note 8)	<u>16,449</u>	<u>-</u>	<u>(2,534)</u>	<u>-</u>
Total operating expenses	<u>355,446</u>	<u>6</u>	<u>398,544</u>	<u>9</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 13 and 24)	<u>1,386</u>	<u>-</u>	<u>(383,848)</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>56,702</u>	<u>1</u>	<u>(295,041)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(81,712)	(1)	(116,047)	(3)
Share of profit or loss of associates (Note 12)	(7,334)	-	(3,941)	-
Interest income	1,268	-	646	-
Rental income	22,230	-	18,525	-
Other income (Note 33)	15,233	-	23,618	1
Loss on disposal of investments, net (Notes 4, 12 and 28)	(975)	-	-	-
Foreign exchange gain, net (Note 23)	45,070	1	48,234	1
Losses on financial assets (liabilities) at fair value through profit or loss	<u>(4,233)</u>	<u>-</u>	<u>(1,397)</u>	<u>-</u>
Total non-operating income and expenses	<u>(10,453)</u>	<u>-</u>	<u>(30,362)</u>	<u>(1)</u>

(Continued)

TSEC 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 (Loss) Per Share)

	2021		2020	
	Amount	%	Amount	%
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 46,249	1	\$ (325,403)	(7)
INCOME TAX BENEFIT (Notes 4 and 25)	<u>1,453</u>	-	<u>40,537</u>	1
NET PROFIT (LOSS)	<u>47,702</u>	1	<u>(284,866)</u>	-
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 23)	(342)	-	1,243	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 23)	(211)	-	(399)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	<u>42</u>	-	<u>80</u>	-
Other comprehensive income (loss) for the year, net of income tax	(511)	-	924	-
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 47,191</u>	1	<u>\$ (283,942)</u>	-
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 46,317	1	\$ (285,850)	(6)
Non-controlling interests	<u>1,385</u>	-	<u>984</u>	-
	<u>\$ 47,702</u>	1	<u>\$ (284,866)</u>	(6)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 45,756	1	\$ (284,926)	(6)
Non-controlling interests	<u>1,435</u>	-	<u>984</u>	-
	<u>\$ 47,191</u>	1	<u>\$ (283,942)</u>	(6)
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	<u>\$ 0.10</u>		<u>\$ (0.74)</u>	
Diluted	<u>\$ 0.10</u>		<u>\$ (0.74)</u>	

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

(Concluded)

TSEC CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Note 23)							
	Share Capital	Capital Surplus	Retained Earnings (Accumulated Deficits)	Other Equity		Total	Non-controlling Interests (Note 23)	Total Equity
				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments			
BALANCE AT JANUARY 1, 2020	\$ 3,790,167	\$ 5,460	\$ (395,691)	\$ (381)	\$ (175,135)	\$ 3,224,420	\$ 5,276	\$ 3,229,696
Issuance of ordinary shares for cash	667,800	1,055,124	-	-	-	1,722,924	-	1,722,924
Recognition of employee share options by the Company (Note 27)	-	94,227	-	-	-	94,227	-	94,227
Increase in non-controlling interests, net	-	-	-	-	-	-	15,429	15,429
Net profit (loss) for the year ended December 31, 2020	-	-	(285,850)	-	-	(285,850)	984	(284,866)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	(319)	1,243	924	-	924
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	(285,850)	(319)	1,243	(284,926)	984	(283,942)
BALANCE AT DECEMBER 31, 2020	4,457,967	1,154,811	(681,541)	(700)	(173,892)	4,756,645	21,689	4,778,334
Capital surplus used to offset accumulated deficits	-	(681,541)	681,541	-	-	-	-	-
Issuance of preferred stock for cash	-	327,051	-	-	-	327,051	-	327,051
Decrease in non-controlling interests, net	-	-	-	-	-	-	(23,029)	(23,029)
Net profit for the year ended December 31, 2021	-	-	46,317	-	-	46,317	1,385	47,702
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	(169)	(392)	(561)	50	(511)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	46,317	(169)	(392)	45,756	1,435	47,191
BALANCE AT DECEMBER 31, 2021	<u>\$ 4,457,967</u>	<u>\$ 800,321</u>	<u>\$ 46,317</u>	<u>\$ (869)</u>	<u>\$ (174,284)</u>	<u>\$ 5,129,452</u>	<u>\$ 95</u>	<u>\$ 5,129,547</u>

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

TSEC CORPORATION AND SUBSIDIARIES

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain (loss) before income tax	\$ 46,249	\$ (325,403)
Adjustments for:		
Depreciation	522,765	579,435
Amortization	1,499	1,803
Expected credit loss (reversed) on accounts receivable	16,449	(2,534)
Net loss on fair value changes of financial instruments at fair value through profit or loss	4,233	1,397
Finance costs	81,712	116,047
Interest income	(1,268)	(646)
Shared-based payment expenses recognized	-	94,227
Share of loss (profit) of subsidiaries and associates	7,334	3,941
Loss (gain) on disposal of property, plant and equipment	(1,386)	2,196
Loss on disposal of associates	975	-
Loss on inventories valuation and obsolescence	44,629	11,756
Impairment losses recognized on property, plant and equipment	-	381,652
Unrealized gain on transactions with associates	502	1,582
Net gain on foreign currency exchange	(325)	(1,737)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	54,552	(59,939)
Accounts receivable	(88,502)	(518,313)
Accounts receivable from related parties	(13,878)	(77,222)
Other receivables	(5,060)	(60)
Other receivables from related parties	(26)	-
Inventories	(810,158)	(337,802)
Other current assets	(88,504)	(123,301)
Contract liabilities	247,524	(37,937)
Accounts payable	387,315	232,903
Other payables	162,115	18,899
Provisions	2,321	4,530
Other current liabilities	(4,592)	4,969
Cash (used in) generated from operations	566,475	(29,557)
Interest received	1,484	430
Finance costs paid	(67,103)	(113,857)
Income tax paid	53	(341)
Net cash generated from (used in) operating activities	<u>500,909</u>	<u>(143,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates (Note 12)	(208,000)	-
Loss of subsidiary control	(31,313)	-
Payments for property, plant and equipment (Note 30)	(927,707)	(429,657)
Proceeds from disposal of property, plant and equipment	1,769	9,758
Increase in refundable deposits	(130,841)	-

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Decrease in refundable deposits	\$ -	\$ 21,801
Decrease in other receivables	17,700	-
Payments for intangible assets	(4,317)	(192)
Increase in other financial assets - restricted assets	(48,578)	-
Decrease in other financial assets - restricted assets	<u>-</u>	<u>139,694</u>
Net cash used in investing activities	<u>(1,331,287)</u>	<u>(258,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	88,673	-
Decrease in short-term borrowings	-	(202,453)
Increase in short-term bills payable	-	276,309
Decrease in short-term bills payable	(281,734)	-
Proceeds from long-term borrowings	211,698	1,946,880
Repayments of long-term borrowings	(476,901)	(2,140,681)
Proceeds from issuance of preferred stocks (Note 22)	615,000	-
Increase in guarantee deposits received	1,370	-
Repayments of the principal portion of lease liabilities	(16,137)	(16,989)
Proceeds from issuance of ordinary shares	-	1,722,924
Increase in non-controlling interests, net	<u>117,780</u>	<u>15,429</u>
Net cash generated from financing activities	<u>259,749</u>	<u>1,601,419</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,843)</u>	<u>(1,416)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(574,472)	1,198,082
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,631,854</u>	<u>433,772</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,057,382</u>	<u>\$ 1,631,854</u>

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

(Concluded)

TSEC
Earnings Distribution Table
2021

Unit: NT \$

Items	Amount
Losses to be recovered at the beginning of the period	(681,540,639)
Plus: capital reserves make up for losses	681,540,639
Plus: Net profit after tax for the current year	46,316,982
Distributable surplus for the year	46,316,982
Minus: statutory surplus reserve (10%)	(4,631,698)
Minus: special surplus reserve	(41,685,284)
Undistributed surplus at the end of the period	0

TSEC Corporation

Chairman: Weiren Invenstment

President: Hung, Cheng-Jen

Accounting Manager: Chang, Li-Ling

Representative: Liao, Kuo-Ron

TSEC Corporation

Comparison Table of Articles of Incorporation

Before and After Amendment

Article	After amendment	Before amendment	Reason for amendment
10	<p>Meetings of shareholders include the annual general meeting of shareholders (AGM) and the extraordinary general meeting of shareholders (EGM). The former shall be convened at least once a year within six (6) months after the end of each accounting year; and the latter shall be convened by law where necessary. Meetings for preferred stock shareholders may be convened in accordance with relevant laws and regulations when necessary.</p> <p><u>When the shareholders' meeting of the Company is held, it can be held via video conference or other ways announced by the Ministry of Economic Affairs.</u></p>	<p>Meetings of shareholders include the annual general meeting of shareholders (AGM) and the extraordinary general meeting of shareholders (EGM). The former shall be convened at least once a year within six (6) months after the end of each accounting year; and the latter shall be convened by law where necessary.</p> <p>Meetings for preferred stock shareholders may be convened in accordance with relevant laws and regulations when necessary.</p>	<p>In order to make the company's method of convening shareholders' meetings more flexible, in accordance with the provisions of Article 172-2 Paragraph 1 of the Company Law, Article 10 is revised.</p>
27	<p>The Articles of Incorporation were established on June 17, 2010.</p> <p>The 1st revision was conducted on June 30, 2011.</p> <p>The 2nd revision was conducted on June 15, 2012.</p> <p>The 3rd revision was conducted on June 20, 2013.</p> <p>The 4th revision was conducted on April 28, 2014.</p> <p>The 5th revision was conducted on May 25, 2015.</p> <p>The 6th revision was conducted on May 9, 2016.</p> <p>The 7th revision was conducted on June 15, 2017.</p> <p>The 8th revision was conducted on March 29, 2019.</p> <p>The 9th revision was conducted on June 12, 2020.</p> <p>The 10th revision was conducted on April 7, 2021.</p> <p><u>The 11th revision was conducted on June 9, 2022.</u></p>	<p>The Articles of Incorporation were established on June 17, 2010.</p> <p>The 1st revision was conducted on June 30, 2011.</p> <p>The 2nd revision was conducted on June 15, 2012.</p> <p>The 3rd revision was conducted on June 20, 2013.</p> <p>The 4th revision was conducted on April 28, 2014.</p> <p>The 5th revision was conducted on May 25, 2015.</p> <p>The 6th revision was conducted on May 9, 2016.</p> <p>The 7th revision was conducted on June 15, 2017.</p> <p>The 8th revision was conducted on March 29, 2019.</p> <p>The 9th revision was conducted on June 12, 2020.</p> <p>The 10th revision was conducted on April 7, 2021.</p>	<p>Added revision dates</p>

TSEC Corporation

Comparison Table of Procedures for Shareholders' Meetings

Before and After Amendment

Article	After amendment	Before amendment	Explanation
4	<p>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. °</p> <p><u>When the Company's shareholders' meeting is held, it can be held by video conference or other methods announced by the Ministry of Economic Affairs.</u></p> <p><u>When the company convenes a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.</u></p>	<p>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.</p>	<p>In order to make the Company's method of convening shareholders' meetings more flexible, in accordance with the provisions of Article 172-2, paragraph 1, of the Company Law, the second paragraph is added to make it clear that the Company can convene shareholders' meetings by video; without restrictions on meeting place.</p>
25	<p>The Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p> <p>The 1st amendment was conducted on May 25, 2015.</p> <p>The 2nd amendment was conducted on March 29, 2019.</p> <p><u>The 3rd amendment was conducted on June 9, 2022.</u></p>	<p>The Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p> <p>The 1st amendment was conducted on May 25, 2015.</p> <p>The 2nd amendment was conducted on March 29, 2019.</p>	<p>Add revision date.</p>

TSEC Corporation

Comparison Table of Procedures for Lending Funds to Other Parties Before and After Amendment

Article	After Amendment	Before Amendment	Explanation
3	<p>The total amount of loans of funds and the limit amount for individual</p> <p>(I) Where the financing amount not exceeding 40 percent of the lender's net worth. For the same borrower, the loan shall not exceed 25% of the funds in the preceding paragraph.</p> <p>(II) The total amount of capital loans between companies or banks that have business dealings with the company shall not exceed 20% of the net value of the company's most recent financial statements; and the amount of individual loans shall not exceed the most recent year between the two parties. The amount of business transactions is limited. The said business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.</p> <p>(III) "Subsidiary" and "parent company" as referred to in the procedures herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers; "net worth" in the procedures herein means the balance sheet equity attributable to the owners of the parent company in accordance with the company's financial reports prepared according to the International Financial Reporting Standards.</p> <p>(IV) The restriction in paragraph 1 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares or <u>foreign companies that directly or indirectly hold 100% of the voting shares of the company engage in capital lending to the Company, the total amount of the loan and the amount of individual loans</u>. However, the total monetary amount for loans of funds shall not exceed 10 percent of the net worth of the company.</p>	<p>The total amount of loans of funds and the limit amount for individual</p> <p>(I) Where the financing amount not exceeding 40 percent of the lender's net worth. For the same borrower, the loan shall not exceed 25% of the funds in the preceding paragraph.</p> <p>(II) The total amount of capital loans between companies or banks that have business dealings with the company shall not exceed 20% of the net value of the company's most recent financial statements; and the amount of individual loans shall not exceed the most recent year between the two parties. The amount of business transactions is limited. The said business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.</p> <p>(III) "Subsidiary" and "parent company" as referred to in the procedures herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers; "net worth" in the procedures herein means the balance sheet equity attributable to the owners of the parent company in accordance with the company's financial reports prepared according to the International Financial Reporting Standards.</p> <p>(IV) The restriction in paragraph 1 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares. However, the total monetary amount for loans of funds shall not exceed 10 percent of the net worth of the company.</p>	Amendments to Article 3 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".
5	<p>Procedures for handling and reviewing loans of funds</p> <p>(I) Application procedure</p> <p>1. The borrower shall provide basic information and financial data, fill in the application form to state the use of the funds and duration and amount of the loan, and submit to the finance department of the Company.</p> <p>2. The case officer in the finance department of the Company shall evaluate</p>	<p>Procedures for handling and reviewing loans of funds</p> <p>(I) Application procedure</p> <p>1. The borrower shall provide basic information and financial data, fill in the application form to state the use of the funds and duration and amount of the loan, and submit to the finance department of the Company.</p> <p>2. The <u>case officer</u> in the finance department of the Company shall evaluate</p>	Amendments to Article 14 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".

Article	After Amendment	Before Amendment	Explanation
	<p>whether the monetary amount for the loan is comparable to the monetary amount of business transaction if the loans of funds were due to business relationships. If short term financing funds are deemed to be necessary, the reasons and situations for loan of funds shall be listed, and credit investigation shall be performed. In addition, relevant information and the drafted loan terms shall be submitted to the manager of the finance department and the chief executive officer and submitted to the board of directors meeting for ratification. <u>After being approved by more than half of all members of the audit committee, it will be submitted to the board of directors for approval.</u></p> <p><u>3. Fund loans between the Company and its subsidiaries, or between subsidiaries, shall be subject to a resolution of the board of directors in accordance with the provisions of the preceding paragraph, and the chairman of the board may be authorized to grant the same loan to the same object within a certain amount determined by the board of directors and within a period of not more than one year.</u></p> <p><u>The “certain limit” referred to in the preceding paragraph refers to the amount authorized by the Company or its subsidiaries to lend funds to a single enterprise, which shall not exceed 10% of the net worth of the Company’s most recent financial statement.</u></p> <p>(II) Credit investigation</p> <p>1. For first-time borrower, the borrower shall provide basic information and financial data in order to perform credit investigation.</p> <p>2. For renewal borrower, in principle, credit investigation shall be performed when the request for renewal is being submitted. However, if it were due to major or emergency event, it can be performed due to actual demands.</p> <p>3. If the financial status of the borrower is good and the certified accountant is engaged to make financing certificate for the annual financial report, then the investigation report established within a year can continue to be used, and along with the certified report audit by the accountant of the current period can be used as the reference for lending funds.</p> <p>4. When the Company performs credit investigation to the borrower, the impact of loans of funds on the business risk, financial status and equity of the shareholders of the company shall also be evaluated.</p> <p>(III) Certification of the loans and notification</p>	<p>whether the monetary amount for the loan is comparable to the monetary amount of business transaction if the loans of funds were due to business relationships. If short term financing funds are deemed to be necessary, the reasons and situations for loan of funds shall be listed, and credit investigation shall be performed. In addition, relevant information and the drafted loan terms shall be submitted to the <u>top manager of the finance department, general manager</u> and the chairman and submitted to the board of directors meeting for ratification.</p> <p><u>3. Major loans of funds shall be approved by audit committee in accordance with relevant provisions and submitted to the board of directors meeting. And record approval and objection opinions in written meeting report.</u></p> <p>(II) Credit investigation</p> <p>1. For first-time borrower, the borrower shall provide basic information and financial data in order to perform credit investigation.</p> <p>2. For renewal borrower, in principle, credit investigation shall be performed when the request for renewal is being submitted. However, if it were due to major or emergency event, it can be performed due to actual demands.</p> <p>3. If the financial status of the borrower is good and the certified accountant is engaged to make financing certificate for the annual financial report, then the investigation report established within a year can continue to be used, and along with the certified report audit by the accountant of the current period can be used as the reference for lending funds.</p> <p>4. When the Company performs credit investigation to the borrower, the impact of loans of funds on the business risk, financial status and equity of the shareholders of the company shall also be evaluated.</p> <p>(III) Certification of the loans and notification</p> <p>1. After credit investigation and evaluation, the case officer shall reply the borrower with rejection reasons immediately after the loan case is disapproved by the board of directors meeting.</p> <p>2. After credit investigation and evaluation, the case officer shall reply the borrower immediately if the loan case is approved by the board of directors meeting and explain in details of the terms for loans of funds, including the amount, duration, interest rate, collaterals and guarantor, etc. The borrower shall be asked to complete the contract signing administration procedures</p>	

Article	After Amendment	Before Amendment	Explanation
	<p>1. After credit investigation and evaluation, the case officer shall reply the borrower with rejection reasons immediately after the loan case is disapproved by the board of directors meeting.</p> <p>2. After credit investigation and evaluation, the case officer shall reply the borrower immediately if the loan case is approved by the board of directors meeting and explain in details of the terms for loans of funds, including the amount, duration, interest rate, collaterals and guarantor, etc. The borrower shall be asked to complete the contract signing administration procedures within a limitation period.</p> <p>(IV) Contract confirmation</p> <p>1. The case officer shall establish a contract for loan terms, which shall be reviewed by the managers and submitted and ratified by the legal consultant committee before making contract signing administration procedures.</p> <p>2. The content of the contract shall match with the certified loan terms. After the borrower and the joint guarantor signed on the contract, then the case officer shall handle the contract confirmation procedures.</p> <p>(V) The evaluation for the value of the collaterals and the establishment of rights (it can be decided by the company whether the collaterals are required). The borrower shall provide the collaterals and handle pledge or set the pledge procedure. The Company shall evaluate the value of the collaterals to ensure the claim of the company.</p> <p>(VI) Insurance</p> <p>1. Collaterals, except the land and securities, shall be insured with fire risk and other relevant insurances. The monetary amount of the insurance shall not be lower than the pledge of the collateral, in principle. The company shall be noted on the insurance sheet as the beneficial. The name, quantity and location of storage of the object stated on the insurance sheet, insurance terms, insurance sheet, etc. shall match with the original loan terms of the company.</p> <p>2. The case officer shall pay attention to the due date of the insurance and notify the borrower to continue its insurance.</p> <p>(VII) Grant</p> <p>The loans can be granted until the loan terms are certified, the borrower signed the contract and complete the mortgage registration for the collaterals, etc., and the correctness of all the administration procedures are verified.</p>	<p>within a limitation period.</p> <p>(IV) Contract confirmation</p> <p>1. The case officer shall establish a contract for loan terms, which shall be reviewed by the managers and submitted and ratified by the legal consultant committee before making contract signing administration procedures.</p> <p>2. The content of the contract shall match with the certified loan terms. After the borrower and the joint guarantor signed on the contract, then the case officer shall handle the contract confirmation procedures.</p> <p>(V) The evaluation for the value of the collaterals and the establishment of rights (it can be decided by the Company whether the collaterals are required). The borrower shall provide the collaterals and handle pledge or set the pledge procedure. The company shall evaluate the value of the collaterals to ensure the claim of the company.</p> <p>(VI) Insurance</p> <p>1. Collaterals, except the land and securities, shall be insured with fire risk and other relevant insurances. The monetary amount of the insurance shall not be lower than the pledge of the collateral, in principle. The company shall be noted on the insurance sheet as the beneficial. The name, quantity and location of storage of the object stated on the insurance sheet, insurance terms, insurance sheet, etc. shall match with the original loan terms of the company.</p> <p>2. The case officer shall pay attention to the due date of the insurance and notify the borrower to continue its insurance.</p> <p>(VII) Grant</p> <p>The loans can be granted until the loan terms are certified, the borrower signed the contract and complete the mortgage registration for the collaterals, etc., and the correctness of all the administration procedures are verified.</p>	

Article	After Amendment	Before Amendment	Explanation
9	The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts based on recognized accounting regulations and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedure.	The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts <u>based on recognized accounting regulations</u> and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedure.	Amendments to Article 23 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".
12	<p><u>This procedure should be approved by more than half of all members of the audit committee, submitted to the board of directors for approval, and submitted to the shareholders' meeting for execution.</u> If a director objects to any matter and has made a record or written statement, it shall be submitted to shareholders' meeting. The same applies when the procedures are amended.</p> <p><u>If the preceding paragraph has not been approved by more than one-half of all the members of the audit committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the audit committee shall be recorded in the minutes of the board of directors.</u></p> <p>The Articles of Incorporation were established on October 12, 2010. The 1st revision was conducted on May 25, 2015. The 2nd revision was conducted on March 29, 2019. <u>The 3rd revision was conducted on June 9, 2022.</u></p>	<p>The procedure is ratified by the <u>audit committee</u> and board of directors meeting and submitted and approved by the shareholders meeting before implementing; If a director objects to any matter and has made a record or written statement, <u>it shall be submitted to the audit committee and shareholders' meeting.</u> The same applies when the procedures are amended.</p> <p>When the Company submits its procedures herein for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; <u>independent director opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of director meeting.</u></p> <p>The Articles of Incorporation were established on October 12, 2010. The 1st revision was conducted on May 25, 2015. <u>The 2nd revision was conducted on March 29, 2019.</u></p>	Amendments to Article 8 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".

TSEC Corporation

Comparison Table of Procedures for Lending Funds to Other Parties

Before and After Amendment

Article	After Amendment	Before Amendment	Explanation
2	<p>Applicable scope</p> <p>The term “endorsements/guarantees” as used in these <u>Procedures</u> refer to the following:</p> <p>(I) Financing endorsements/guarantees, including bill discount financing, endorsement or guarantee made to meet the financing needs of another company, issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>(II) Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>(III) Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.</p> <p>(IV) Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the procedures herein.</p>	<p>Applicable scope</p> <p>The term “endorsements/guarantees” as used in these <u>Regulations</u> refer to the following:</p> <p>(I) Financing endorsements/guarantees, including bill discount financing, endorsement or guarantee made to meet the financing needs of another company, issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>(II) Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>(III) Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.</p> <p>(IV) Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the procedures herein.</p>	Revise wording
3	<p>Counterparty for endorsement/guarantee</p> <p>(I) A company with which the company does business.</p> <p>(II) A company in which the company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(III) A company that directly and indirectly holds more than 50 percent of the voting shares in the company.</p> <p>(IV) Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.</p> <p>(V) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make</p>	<p>Counterparty for endorsement/guarantee</p> <p>(I) A company with which the company does business.</p> <p>(II) A company in which the company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(III) A company that directly and indirectly holds more than 50 percent of the voting shares in the company.</p> <p>(IV) Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.</p> <p>(V) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or</p>	Amendments to Article 6 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".

Article	After Amendment	Before Amendment	Explanation
	<p>endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the <u>preceding four paragraphs</u>.</p> <p>Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the company, or through a company in which the company holds 100% of the voting shares.</p> <p>Subsidiaries and parent companies referred to in this procedure shall be identified in accordance with the Financial Accounting Standards Bulletin No. 5 and No. 7 issued by the Accounting Research and Development Foundation of the Republic of China.</p> <p>Subsidiaries and parent companies referred to in this procedure shall be identified in accordance with <u>the financial reporting standards for securities issuers</u>.</p>	<p>where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/ guarantees may be made free of the restriction of the <u>preceding two paragraphs</u>.</p> <p>Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the company, or through a company in which the company holds 100% of the voting shares.</p> <p>Subsidiaries and parent companies referred to in this procedure shall be identified in accordance with <u>the Financial Accounting Standards Bulletin No. 5 and No. 7 issued by the Accounting Research and Development Foundation of the Republic of China</u>.</p>	
5	<p>Decisions and degree of authority delegated <u>Before the Company endorses or provides guarantees to others, it should carefully evaluate whether it complies with the provisions of this procedure, and after signing the review and evaluation results in Article 6 to the chairman for approval, it should be approved by more than half of all members of the audit committee and submitted to the board of directors. After discussion and agreement, if not approved by more than one-half of all members of the audit committee, it may be implemented with the consent of more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors.</u> However, in order to meet the requirements of the time limit, the board of directors may authorize the chairman to make a decision within 30% of the net value of the latest financial statement, and then submit it to the latest board of directors for ratification.</p> <p>Subsidiaries that directly or indirectly hold more than 90% of the voting shares of the Company shall not be processed until they are endorsed in accordance with Paragraph 4 of Article 3 and submitted to the Board of Directors of the Company for resolution. However, the inter-company endorsement guarantee that the company directly and indirectly holds 100% of the voting shares is not limited to this.</p> <p>When the Company endorses guarantees for others, it shall fully consider the opinions of each independent director, and record their</p>	<p>Decisions and degree of authority delegated</p> <p>When the Company endorses guarantees for others, it shall fully consider the opinions of each independent director, and record their clear opinions of agreement or disapproval and the reasons for their disapproval in the board records. <u>The endorsement and guarantee matters of the company shall be approved by the resolution of the board of directors.</u></p> <p>However, in order to meet the requirements of the time limit, the board of directors may authorize the chairman to make a decision within 30% of the net value of the latest financial statement, and then submit it to the latest board of directors for ratification. Subsidiaries that directly or indirectly hold more than 90% of the voting shares of the Company shall not be processed until they are endorsed in accordance with Paragraph 4 of Article 3 and submitted to the Board of Directors of the Company for resolution. However, the inter-company endorsement guarantee that the company directly and indirectly holds 100% of the voting shares is not limited to this.</p>	<p>In accordance with Article 17 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies" and Article 14-5 of the Securities and Exchange Act.</p>

Article	After Amendment	Before Amendment	Explanation
	clear opinions of agreement or disapproval and the reasons for their disapproval in the board records.		
6	<p>Procedures for making endorsements/guarantees</p> <p>(I) When handling the endorsement guarantee, the financial department shall, according to the application of the endorsement guarantee object, examine whether the qualifications and quotas comply with the provisions of this procedure, and shall conduct credit investigation and analyze the operation, financial and credit status of the endorsement guarantee object, etc. to evaluate The impact of the endorsement guarantee on the Company's operational risk, financial status and shareholders' rights and interests, and the necessity and rationality of the endorsement guarantee should be evaluated. When necessary, collateral should be obtained and the value of the collateral should be evaluated. After stating the relevant endorsement guarantee content and risk assessment results, it is signed and submitted to the general manager and the chairman for approval and then submitted to the board of directors for discussion and approval. Financial status is reviewed immediately.</p> <p>(II) The memorandum book prepared by finance department shall be recorded in detail with the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by <u>the board of directors or of authorization by the chairman of the board</u>, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the provisions herein.</p> <p>(III) Before the end of the endorsement guarantee date, the financial department shall actively notify the guaranteed enterprise to take back the guarantee bills retained by the bank or creditor institution, cancel the endorsement guarantee related deeds, and record the cancellation date and reason in the reference book, and keep them with a serial number.</p>	<p>Procedures for making endorsements/guarantees</p> <p>(I) When handling the endorsement guarantee, the financial department shall, according to the application of the endorsement guarantee object, examine whether the qualifications and quotas comply with the provisions of this procedure, and shall conduct credit investigation and analyze the operation, financial and credit status of the endorsement guarantee object, etc. to evaluate The impact of the endorsement guarantee on the Company's operational risk, financial status and shareholders' rights and interests, and the necessity and rationality of the endorsement guarantee should be evaluated. When necessary, collateral should be obtained and the value of the collateral should be evaluated. After stating the relevant endorsement guarantee content and risk assessment results, <u>it is signed and submitted to the general manager and the chairman for approval and then submitted to the board of directors for discussion and approval.</u> Financial status is reviewed immediately.</p> <p>(II) The memorandum book prepared by finance department shall be recorded in detail with the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the provisions herein.</p> <p>(III) Before the end of the endorsement guarantee date, the financial department shall actively notify the guaranteed enterprise to take back the guarantee bills retained by the bank or creditor institution, cancel the endorsement guarantee related deeds, and record the cancellation date and reason in the reference book, and keep them with a serial number.</p>	In accordance with Article 18 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".
8	<p>Cautions for making endorsement/guarantee:</p> <p>(I) The internal audit personnel of the Company shall audit the procedures for endorsement/guarantee and its compliance situations at least every season and make it as written record accordingly. If major violation was to be discovered, audit committee shall be notified in written form.</p> <p>(II) Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of Article 3 of the</p>	<p>Cautions for making endorsement/guarantee:</p> <p>(I) The internal audit personnel of the Company shall audit the procedures for endorsement/guarantee and its compliance situations at least every season and make it as written record accordingly. If major violation was to be discovered, audit committee shall be notified in written form.</p> <p>(II) Where as a result of changes of condition the entity for which an</p>	In accordance with Article 12 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".

Article	After Amendment	Before Amendment	Explanation
	<p>procedures, or the amount of endorsement/guarantee exceeds the limit stipulated in Article 4 of the procedures herein due to the changes in the basis of the calculation limit, the company shall adopt rectification plans and submit the rectification plans to the audit committee, report the rectification plans to the board of directors meeting, and shall complete the rectification according to the timeframe set out in the plan.</p> <p><u>(III) If the endorsement guarantee object is a subsidiary whose net worth is less than half of the paid-in capital, the financial department shall track the financial-related status of the endorsement guarantee object at least quarterly, and shall immediately notify the chairman of the board when there is a major change, and follow the instructions for appropriate treatment. If the shares of the subsidiary have no par value or the par value per share is not NT\$10, the aforementioned paid-in capital shall be the total of the share capital plus the capital reserve minus the issuance premium.</u></p> <p>(IV) Where the Company needs to exceed the limits set out in the procedures herein to satisfy its business requirements, and where the conditions set out in the procedures herein are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the procedures herein accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit. When the Company makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent director opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of director meeting.</p>	<p>endorsement/guarantee is made no longer meets the requirements of Article 3 of the procedures, or the amount of endorsement/guarantee exceeds the limit stipulated in Article 4 of the procedures herein due to the changes in the basis of the calculation limit, the company shall adopt rectification plans and submit the rectification plans to the audit committee, report the rectification plans to the board of directors meeting, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>(III) Where the Company needs to exceed the limits set out in the procedures herein to satisfy its business requirements, and where the conditions set out in the procedures herein are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the procedures herein accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit. When the Company makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent director opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of director meeting.</p>	
9	<p>Time limit and content for announcement and report</p> <p>(I) The balance of the Company and its subsidiaries for endorsement/guarantee last month shall be announced and reported on Market Observation Post System before the <u>tenth</u> each month.</p> <p>(II) The balance of the Company for endorsement/guarantee reaches one of the following levels shall announce and report on the Market Observation Post System such</p>	<p>Time limit and content for announcement and report</p> <p>(I) The balance of the Company and its subsidiaries for endorsement/guarantee last month shall be announced and reported on Market Observation Post System before the <u>10th</u> each month.</p> <p>(II) The balance of the Company for endorsement/guarantee reaches one of the following levels shall announce and report on the Market Observation Post System</p>	<p>In accordance with Article 25 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".</p>

Article	After Amendment	Before Amendment	Explanation
	<p>event within two days commencing immediately from the date of occurrence:</p> <p>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches <u>50</u> percent or more of the company's net worth as stated in its latest financial statement.</p> <p>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>carrying amount of investments using the equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of company's net worth as stated in its latest financial statement.</p> <p>4. The monetary amount for new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5 percent or more of a public company's net worth as stated in its latest financial statement. If a subsidiary of the Company is not a domestic public company, then the announcement and report matter from subparagraph 4 of the preceding paragraph for the subsidiaries shall be handled by the Company.</p>	<p>such event within two days commencing immediately from the date of occurrence:</p> <p>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches <u>45</u> percent or more of the company's net worth as stated in its latest financial statement.</p> <p>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>investment of a long-term nature in</u>, and balance of loans to, such enterprise reaches 30 percent or more of company's net worth as stated in its latest financial statement.</p> <p>4. The monetary amount for new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5 percent or more of a public company's net worth as stated in its latest financial statement.</p> <p><u>5.</u> If a subsidiary of the Company is not a domestic public company, then the announcement and report matter from subparagraph 4 of the preceding paragraph for the subsidiaries shall be handled by the Company.</p>	
10	The Company shall evaluate or record the contingent loss for endorsements/guarantees and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.	The Company shall evaluate or record the contingent loss for endorsements/guarantees and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures <u>according to Provisions of the Bulletin No. 9 of the Financial Accounting Standards.</u>	In accordance with Article 26 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".
13	<u>This procedure should be approved by more than half of all members of the audit committee, submitted to the board of directors for approval, and submitted to the shareholders' meeting for implement.</u> If a director objects to any matter and has made a record or written statement, it shall be recorded in the minutes of the board of directors meeting for discussion. The same applies when the procedures are amended. <u>If the preceding paragraph has not been approved by more than one-half of all the members of the audit committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the audit committee shall be</u>	The procedure is ratified by the <u>audit committee</u> and board of directors meeting and submitted and approved by the shareholders meeting before implementing; If a director objects to any matter and has made a record or written statement, it shall be recorded in the minutes of the board of directors meeting for discussion. The same applies when the procedures are amended. When the Company submits its procedures herein for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent director opinions	In accordance with Article 8 & 11 of the "Guidelines for the Handling of Funds Lending and Endorsements of Public Companies".

Article	After Amendment	Before Amendment	Explanation
	<u>recorded in the minutes of the board of directors.</u> The Articles of Incorporation were established on October 12, 2010. The 1st revision was conducted on May 25, 2015. The 2nd revision was conducted on March 29, 2019. <u>The 2nd revision was conducted on June 9, 2022.</u>	specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of director meeting. The Articles of Incorporation were established on October 12, 2010. The 1st revision was conducted on May 25, 2015. The 2nd revision was conducted on March 29, 2019.	

TSEC Corporation

Comparison Table of Regulations Governing the Acquisition and Disposal of Assets

Before and After Amendment

Article	After Amendment	Before Amendment	Explanation
6	<p>Disposition procedures for acquisition or disposal of real property, equipment or <u>its</u> right of use asset.</p> <p>(I)Assessment and operating procedure Acquisition or disposal of real property, equipment or <u>its</u> right of use asset shall be done in accordance with fixed asset circulation procedures under the internal control system of the Company.</p> <p>(II)Decision procedure for transaction condition and degree of authority delegated</p> <p>1. When acquiring or disposing real property or its right-of-use asset, resolution of transaction condition and transaction price shall be made by referencing announced present value, assessed value, actual transaction price of neighboring real property, etc. Relevant information shall be submitted and ratified by the chairman of the board before executing. If the amount is less than NT\$10 million (inclusive), it should be submitted to the general manager for approval; if the amount exceeds NT\$10 million, it must be mentioned and approved by the chairman of the board.</p> <p>2. To acquire or dispose of other fixed assets, one shall choose one of the methods of inquiry, price comparison, price negotiation or bidding. If the amount is less than NT\$10 million (inclusive), it shall be approved step by step according to the division of powers and responsibilities. If the amount is NT\$10 million, it should be submitted to the chairman of the board for approval.</p> <p>3. If the acquisition or disposal of the assets mentioned in the preceding two paragraphs is a special feature of the important matters stipulated in Article 185 of the Company Law. Other resolutions shall be approved by the board of directors and submitted to the shareholders' meeting for approval. When the transaction of acquiring or disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to all independent directors. <u>If independent directors have opinions and reasons for their approval or disapproval, they shall be recorded in the meeting minutes of board's</u></p>	<p>Disposition procedures for acquisition or disposal of real property, equipment or right of use asset.</p> <p>(I)Assessment and operating procedure Acquisition or disposal of real property, equipment or right of use asset shall be done in accordance with fixed asset circulation procedures under the internal control system of the Company.</p> <p>(II)Decision procedure for transaction condition and degree of authority delegated</p> <p>1. When acquiring or disposing real property or its right-of-use asset, resolution of transaction condition and transaction price shall be made by referencing announced present value, assessed value, actual transaction price of neighboring real property, etc. Relevant information shall be submitted and ratified by the chairman of the board before executing. If the amount is less than NT\$10 million (inclusive), it should be submitted to the general manager for approval; if the amount exceeds NT\$10 million, it must be mentioned and approved by the chairman of the board.</p> <p>2. To acquire or dispose of other fixed assets, one shall choose one of the methods of inquiry, price comparison, price negotiation or bidding. If the amount is less than NT\$10 million (inclusive), it shall be approved step by step according to the division of powers and responsibilities. If the amount is NT\$10 million, it should be submitted to the chairman of the board for approval.</p> <p>3. If the acquisition or disposal of the assets mentioned in the preceding two paragraphs is a special feature of the important matters stipulated in Article 185 of the Company Law. Other resolutions shall be approved by the board of directors and submitted to the shareholders' meeting for approval.</p> <p>4. <u>The acquisition or disposal of assets by the Company shall be approved by the board of directors in accordance with the prescribed handling procedures or other legal provisions. If a director expresses an objection and there is a record or written statement, the Company shall send the director's objection to the audit committee.</u></p> <p>When the transaction of acquiring or</p>	<p>According to Article 8 &9 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

Article	After Amendment	Before Amendment	Explanation
	<p><u>meeting.</u></p> <p>Major asset transactions or <u>derivation products</u> of the Company shall be approved by more than half of all members of the audit committee, and submitted to the board of directors for resolution.</p> <p>(III) The units responsible for implementation</p> <p>Acquisition or disposal of real property, <u>equipment or its right of use asset</u> by the Company shall be approved based on the preceding degree of authority delegated and implemented by the department for use and administration department.</p> <p>(IV) Appraisal reports for real property, <u>equipment or its right of use asset</u></p> <p>In acquiring or disposing of real property, <u>equipment</u>, or right of use assets thereof where the transaction amount reaches 20 percent of the company's paid in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right of use asset held for business use, shall obtain an appraisal report <u>prior to the date of occurrence of the event</u> from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance and the same shall apply to any subsequent changes, if any, to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, <u>unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount</u>, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20</p>	<p>disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to all independent directors. <u>The opinions and reasons for their approval or disapproval shall be recorded in the meeting minutes.</u> Major asset transactions of the company shall be approved by more than half of all members of the audit committee, and submitted to the board of directors for resolution.</p> <p>(III) The units responsible for implementation</p> <p>Acquisition or disposal of real property or its right of use <u>other asset</u> by the Company shall be approved based on the preceding degree of authority delegated and implemented by the procurement department.</p> <p>(IV) Appraisal reports for real property, or its <u>other fixed asset</u></p> <p>In acquiring or disposing of real property or other assets thereof where the transaction amount reaches 20 percent of the Company's paid in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>machine equipment</u> or its right of use asset 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:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance and the same shall apply to any subsequent changes, if any, to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, , a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal</p>	

Article	After Amendment	Before Amendment	Explanation
	<p>percent or more of the transaction amount.</p> <p>(2)The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4.No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; 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>result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4.No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; 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>	
10	<p>Procedures for acquiring real estate from related parties</p> <p>When the Company intends to acquire or <u>dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of audit committee and then approved the board of directors.</u></p> <p>1.The purpose, necessity and anticipated benefit of the acquisition or <u>disposal of real estate.</u></p> <p>2.The reason for choosing the related party as a transaction counterparty.</p> <p>3. In accordance with Article 11 of this chapter, assess relevant information to determine the reasonableness of the transaction conditions</p> <p>4.The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>5.Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p><u>6.The appraisal report issued by the professional appraiser is obtained in accordance with the provisions of this procedure, or the accountant's opinion.</u></p> <p>7. Restrictions on the transaction and other</p>	<p>Procedures for acquiring real estate from related parties</p> <p>The Company acquires immovable property by <u>purchasing or exchanging</u> it from a related party, except for the handling procedures for acquiring immovable property in accordance with Article 6 of Chapter 2. <u>In addition to the rationale, the relevant resolution procedures and the evaluation of the rationality of the transaction conditions should be handled in accordance with the provisions of Chapter 3. In addition, when judging whether the transaction object is a related person, in addition to paying attention to its legal form, the substantive relationship should also be considered. And the following materials should be submitted to the audit committee and the board of directors for approval:</u></p> <p>1.The purpose, necessity and anticipated benefit of the acquisition of <u>real property.</u></p> <p>2.The reason for choosing the related party as a transaction counterparty.</p> <p>3. In accordance with Article 11 of this chapter, assess relevant information to determine the reasonableness of the transaction conditions</p> <p>4.The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p><u>6. Restrictive covenants and other important stipulations associated with the</u></p> <p>When a matter is submitted for discussion by the board of directors pursuant to <u>previous</u> paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be</p>	<p>According to Article 15 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

Article	After Amendment	Before Amendment	Explanation
	<p>important agreements. <u>The calculation of the transaction amount in the preceding paragraph shall be handled in accordance with the provisions of Article 20, and the term within one year shall be based on the date of the actual occurrence of the transaction, retroactively calculated one year ahead, and submitted to the Audit Committee and the Board of Directors in accordance with the provisions of this handling procedure which partially exempt from re-crediting. The Company and its subsidiaries, or its subsidiaries which directly or indirectly hold 100% of the issued shares or total capital, engage in the following transactions. The board of directors may authorize the chairman to make a decision within NT\$300 million, and then submit it to the most recent board of directors for ratification:</u> <u>1.Acquiring or disposing of equipment for business use or its right-to-use assets.</u> <u>2.Acquiring or disposing of real estate right-to-use assets for business use.</u> When a matter is submitted for discussion by the board of directors pursuant to previous paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. If the <u>first</u> paragraph has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the audit committee shall be recorded in the minutes of the board of directors. All members of the audit committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be counted on the basis of the actual incumbents.</p>	<p>recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution. If the <u>preceding</u> paragraph has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the Audit Committee shall be recorded in the minutes of the board of directors. All members of the audit committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be counted on the basis of the actual incumbents.</p>	
11	<p>The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: (I)Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. (II)Total loan value appraisal from a financial institution where the related party</p>	<p>The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: (I)Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. (II)Total loan value appraisal from a financial institution where the related party</p>	<p>According to Article 16 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

Article	After Amendment	Before Amendment	Explanation
	<p>has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(III)Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(IV)The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding <u>three</u> paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(V)Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 10, and the preceding <u>four</u> paragraphs do not apply:</p> <ol style="list-style-type: none"> 1.The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or <u>right-of-use assets</u> thereof to the signing date for the current transaction. 3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. 4. <u>4) The Company and its subsidiaries, or its subsidiaries which directly or indirectly hold 100% of the issued shares or total capital, acquire real estate use rights assets for business use.</u> 	<p>has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(III)Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(IV)The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the <u>first and second</u> paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(V)Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 10, and the preceding <u>three</u> paragraphs do not apply:</p> <ol style="list-style-type: none"> 1.The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction. 3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. 	
12	<p>When the results of the company's appraisal conducted in accordance with paragraph 1 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 13. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction</p>	<p>When the results of a public company's appraisal conducted in accordance with paragraph 1 and <u>paragraph 2</u> of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 13. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a</p>	<p>According to Article 17 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

Article	After Amendment	Before Amendment	Explanation
	<p>shall not apply:</p> <p>(1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2 .<u>Transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or <u>leasing</u> practices.</p> <p>(II)<u>Transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets</u> thereof.</p>	<p>CPA have been obtained, this restriction shall not apply:</p> <p>(1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2 .<u>Completed transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p>3. <u>Other non-related party lease cases within one year of other floors of the same subject premises should be estimated from the equivalent transaction conditions after a reasonable floor price difference according to the practice of real estate leasing.</u></p> <p>(II)<u>Completed transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions completed</u> by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property thereof.</p>	
14	<p>Disposition procedure for acquiring or disposing derivatives trading principles and strategies</p> <p>(I) Type of derivatives</p> <p>1.Derivatives engaged in the company refer transaction contracts, whose value is derived from assets, interest rates, foreign exchange rates, indexes and raw materials related to production activity of the company, such as silver or aluminum ingot related to conductive paste, or other</p>	<p>Disposition procedure for acquiring or disposing derivatives trading principles and strategies</p> <p>(I) Type of derivatives</p> <p>Derivatives engaged in the company refer transaction contracts, whose value is derived from assets, interest rates, foreign exchange rates, indexes and raw materials related to production activity of the company, such as silver or aluminum ingot related to conductive paste, or other</p>	Revise the division of powers and responsibilities for derivatives trading.

Article	After Amendment	Before Amendment	Explanation
	<p>interests (forward contracts, options, futures, interest rates or foreign exchange rates and compound contracts combining the above products, etc.)</p> <p>2. Relevant matters regarding transaction of bond margin shall be done in accordance with relevant provisions of the disposition procedure herein. Transaction of bond with repurchase terms shall not apply the provisions in the disposition procedure herein.</p> <p>(II) Operating (hedging) strategies</p> <p>1. The transaction of derivatives by the company shall be done based on the hedging purposes. The transaction goods selected shall avoid the risks derived from business operations of the company. The currency held shall match with the currency needs for actual import and export transaction. The transaction shall base on the principle of self-squaring off internal positions of the company (referring to the income and expenditure of foreign currency) to reduce the risks from foreign currency exchange of the company and save the operating cost for foreign currency exchange.</p> <p>2. When the company's net U.S. dollar foreign currency position exceeds five million yuan, and the main currency used is expected to continue to appreciate, Have to execute foreign currency hedging transactions.</p> <p>3. Transaction of other specific use shall be evaluated carefully and proceed until submitted and approved by the board of directors meeting.</p> <p>(III) Division of responsibilities</p> <p>1. Financial department</p> <p>(A) Trading officer</p> <p>a. <u>Traders are responsible for the formulation of trading strategies, the execution of transactions, the evaluation of operational results, the collection and analysis of market information, and regular announcements and reports.</u></p> <p>b. Trading officer shall execute the transaction based on degree of authority delegated and the established strategies.</p> <p>c. When there are major changes to the financial market or the trading officer has determined the established strategies are not applicable, appraisal report shall be submitted at all times to develop new strategies and taken as the basis for performing transaction after approved by the chief executive officer.</p> <p>d. <u>The transaction personnel, confirmation personnel and delivery personnel operating derivatives shall be independent. The appointment and dismissal of transaction and confirmation personnel shall be notified</u></p>	<p>interests (forward contracts, options, futures, interest rates or foreign exchange rates and compound contracts combining the above products, etc.)</p> <p>2. Relevant matters regarding transaction of bond margin shall be done in accordance with relevant provisions of the disposition procedure herein. Transaction of bond with repurchase terms shall not apply the provisions in the disposition procedure herein.</p> <p>(II) Operating (hedging) strategies</p> <p>1. The transaction of derivatives by the company shall be done based on the hedging purposes. The transaction goods selected shall avoid the risks derived from business operations of the company. The currency held shall match with the currency needs for actual import and export transaction. The transaction shall base on the principle of self-squaring off internal positions of the company (referring to the income and expenditure of foreign currency) to reduce the risks from foreign currency exchange of the company and save the operating cost for foreign currency exchange.</p> <p>2. When the company's net U.S. dollar foreign currency position exceeds five million yuan, and the main currency used is expected to continue to appreciate, Have to execute foreign currency hedging transactions.</p> <p>3. Transaction of other specific use shall be evaluated carefully and proceed until submitted and approved by the board of directors meeting.</p> <p>(III) Division of responsibilities</p> <p>1. Financial department</p> <p>(A) Trading officer</p> <p>a. <u>Trading officer is responsible for developing the strategies for all transactions of derivatives in the Company.</u></p> <p>b. <u>Trading officer shall calculate the positions every two weeks and collect market information to make a judgement on the trend, assess the risks and develop operating strategies, which will be taken as the basis for performing transaction after approved by the corresponding degree of authority delegated.</u></p> <p>c. Trading officer shall execute the transaction based on degree of authority delegated and the established strategies.</p> <p>d. When there are major changes to the financial market or the trading officer has determined the established strategies are not applicable, appraisal report shall be submitted at all times to develop new strategies and taken as the basis for performing transaction after approved by the chief executive officer.</p>	

Article	After Amendment	Before Amendment	Explanation
	<p><u>to the transaction bank to safeguard the rights and interests of the company.</u></p> <p><u>(B) Accounting : Measurement, supervision and control of transaction risk and preparation of financial statements in accordance with generally accepted accounting principles.</u></p> <p><u>3. Audit Unit</u> The company's audit unit shall make a determination of the suitability of internal controls on derivatives, conduct audit of how faithfully derivatives trading by the trading department adheres to the operating procedures, analyze the transaction circulation, and prepare an audit report. If any material violation or potential major loss to the company are discovered, internal audit personnel shall prepare a statement to notify the board of directors.</p> <p><u>4. Performance evaluation</u> (A) Hedging transaction a. Performance evaluation is based on the income and loss derived from the cost of exchange rate on the book of the company and the transactions of the derivatives. b. <u>Traders should evaluate the profit and loss of foreign exchange positions held twice a month, and the evaluation report should be submitted to the senior executives authorized by the board of directors as the basis for management.</u></p> <p><u>(B) Special Purpose Transaction</u> <u>The profit and loss of the held positions shall be assessed weekly, and an assessment report shall be prepared and submitted to the senior executives authorized by the board of directors for reference.</u></p> <p><u>5. Establishment of the upper limit for the total amount and loss of the contract</u> (A) Total amount of the contract a. Amount of hedging transactions: The financial department should grasp the overall position of the company in order to avoid transaction risks with no more than two-thirds of the company's overall net position. If it exceeds two-thirds, it should be reported to the general manager to approve it. b. Transaction for other specific use: Based on the forecast of market changes, the financial department can formulate strategies as needed and report to the general manager. It can only be carried out after the approval of the management and the chairman of the board. The total contract amount of company-wide net accumulation of transactions for specific purposes of the company is limited to USD 50 million, and can only be approved after being submitted to the board of directors for approval.</p>	<p><u>(B) Accounting</u> a. <u>Execute transaction confirmation.</u> b. <u>Review whether the transaction is carried out in accordance with the authorization authority and the established strategy.</u> c. <u>Evaluation is carried out every month, and the evaluation report is submitted to the general manager for verification.</u> d. <u>Accounting treatment.</u> e. <u>Reporting and announcement in accordance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan.</u></p> <p><u>(C) Settlement officer: perform settlement tasks.</u></p> <p><u>(D) Degree of authority delegated for the derivatives</u> a. <u>The approval authority for risk-avoiding transactions may be executed in accordance with the "Measures for the Division of Powers and Responsibilities" and the established risk-avoiding strategies trade. If traders judge that the established hedging strategy is not applicable, they need to submit an evaluation report in time And redefine the hedging strategy, approved by the general manager, as the basis for the transaction.</u> b. <u>Other special-purpose transactions can only be carried out after reporting to the board of directors for approval.</u> c. <u>The company's acquisition or disposal of assets shall be subject to the directors' approval in accordance with the set handling procedures or other legal requirements</u> <u>If a director expresses objection and there is a record or written statement, the objection information should be sent to the Audit Committee.</u> <u>When the transaction of acquiring or disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to the opinions of independent directors, and the opinions and reasons for their approval or disapproval shall be recorded in the meeting minutes.</u></p> <p><u>(E) Establish a reference book for the type, amount, date of approval of the board of directors and determination of derivatives transactions. The results of the performance evaluation made during the period will be posted for future reference.</u></p> <p><u>2. Audit Unit</u> The company's audit unit shall make a determination of the suitability of internal controls on derivatives, conduct audit of how faithfully derivatives trading by the trading department adheres to the operating</p>	

Article	After Amendment	Before Amendment	Explanation
	<p>(B) Establishment of upper limit for losses For hedging trading purposes or trading contracts for specific purposes, after the position is established, a stop loss point should be set to prevent stop excess losses. The setting of the stop loss point shall not exceed 15% of the total amount of the transaction contract. The amount of individual contract losses shall not exceed 12% of the transaction contract amount. When the loss amount reaches the established upper limit, chairman shall be notified immediately, and board of directors shall be notified to discuss necessary countermeasures.</p>	<p>procedures, analyze the transaction circulation, and prepare an audit report. If any material violation or potential major loss to the company are discovered, internal audit personnel shall prepare a statement to notify the board of directors.</p> <p><u>3. Performance evaluation</u> <u>(A) Hedging transaction</u> a. Performance evaluation is based on the income and loss derived from the cost of exchange rate on the book of the company and the transactions of the derivatives. b. <u>The Company adopts monthly evaluation method to evaluate income and loss to get hold of and express the risks involving the appraisal of the transaction sufficiently.</u> c. <u>Financial department shall provide position appraisal and market trend of the exchange rate and market analysis to serve as a managing reference and indication to the chief executive officer.</u> <u>(B) Special Purpose Transaction</u> <u>The actual profit and loss is the basis for performance evaluation, and the accountants must regularly prepare reports for the position to provide management reference.</u></p> <p><u>4. Establishment of the upper limit for the total amount and loss of the contract</u> <u>(A) Total amount of the contract</u> a. Amount of hedging transactions: The financial department should grasp the overall position of the company in order to avoid transaction risks with no more than two-thirds of the company's overall net position. If it exceeds two-thirds, it should be reported to the general manager to approve it. b. Transaction for other specific use: Based on the forecast of market changes, the financial department can formulate strategies as needed and report to the general manager. It can only be carried out after the approval of the management and the chairman of the board. The total contract amount of company-wide net accumulation of transactions for specific purposes of the company is limited to USD 50 million, and can only be approved after being submitted to the board of directors for approval.</p> <p>(B) Establishment of upper limit for losses For hedging trading purposes or trading contracts for specific purposes, after the position is established, a stop loss point should be set to prevent stop excess losses. The setting of the stop loss point shall not exceed 15% of the total amount of the transaction contract. The amount of individual contract losses shall not exceed 12% of the transaction contract amount. When the loss amount reaches the</p>	

Article	After Amendment	Before Amendment	Explanation
		established upper limit, chairman shall be notified immediately, and board of directors shall be notified to discuss necessary countermeasures.	
20	<p>When the Company acquires or disposes of assets under the following circumstances, it shall, according to its nature and in the prescribed format, report relevant information on the website designated by the Financial Supervisory Commission <u>within two days from the date of the fact occurrence:</u></p> <p><u>1.Acquisition or disposal of real property or its right of use asset from or to a related party, or acquisition or disposal of assets other than real property or its right of use asset from or to a related party where the transaction amount reaches 20 percent or more of paid in capital, 10 percent or more of the company's total assets, or NT\$300 million or more. However, this does not apply to the purchase and sale of domestic public bonds, bonds subject to repurchase or sell-back conditions, and the subscription or buy-back of money market funds issued by domestic securities investment trust enterprises.</u></p> <p><u>2.Merger, demerger, acquisition, or transfer of shares.</u></p> <p><u>3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</u></p> <p><u>4.Acquiring or disposing of equipment for business use or its right-to-use assets, and the transaction object is not a related person, and the transaction amount exceeds NT\$500 million.</u></p> <p><u>5.Where land is acquired under an arrangement on engaging others to build on the Company's own land or leased 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.</u></p> <p>6. Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, or a disposal of receivables by a financial institution or investment in mainland China reaches 20 percent or more of paid in capital or NT\$300 million; provided, this shall not apply to the following</p> <p>1.Trading of domestic government bonds.</p> <p>2.Buy and sell bonds with buyback and sellback conditions, <u>and purchase or buyback money market funds issued by</u></p>	<p>When the Company acquires or disposes of assets under the following circumstances, it shall, according to its nature and in the prescribed format, report relevant information on the website designated by the Financial Supervisory Commission within two days from occurrence:</p> <p>1. Acquisition or disposal of real property or its right of use asset from or to a related party, or acquisition or disposal of assets other than real property or its right of use asset from or to a related party where the transaction amount reaches 20 percent or more of paid in capital, 10 percent or more of the company's total assets, or NT\$300 million or more.</p> <p>2. <u>Engaged in mainland investment.</u></p> <p>3. <u>Merger, demerger, acquisition, or transfer of shares.</u></p> <p>4. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>5. <u>Where an asset transaction other than any of those referred to in the preceding four subparagraphs, or a disposal of receivables by a financial institution reaches 20 percent or more of paid in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</u></p> <p>(1)Trading of domestic government bonds.</p> <p>(2)Trading of bonds under repurchase and resale agreements</p> <p>(3)Subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(4)<u>Acquisition or disposal by the Company in the construction business of real property or its right of use asset or right of use assets thereof for construction use, and furthermore the transaction counterpart is not a related party, and the transaction amount reaches NT\$500 million.</u></p> <p>(5)<u>Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a Related Party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</u></p> <p>(6)<u>The previous</u> amount of transactions above shall be calculated as follows.</p>	According to Article 31 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

Article	After Amendment	Before Amendment	Explanation
	<p><u>domestic securities investment trust enterprises.</u></p> <p>The previous amount of transactions above shall be calculated as follows. “Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or <u>right of use assets</u> thereof within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p>	<p>“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right of use assets thereof within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p>	
21	<p>Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the Article 20, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting <u>inclusively</u> from the date of occurrence of the event:</p> <p>1. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3. <u>The content of the original announcement has been changed.</u></p>	<p>Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the Article 20, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting from the date of occurrence of the event:</p> <p>1. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. °</p>	According to Article 32 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies
23	<p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within two days inclusively when knowing them.</u></p>	<p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p>	According to Article 31 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies
25	<p>The subsidiaries of the Company shall handle the matters in accordance with the following provisions:</p> <p>(I) The subsidiaries shall stipulate and execute the “Procedures for Acquisition or Disposal of Assets” in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p> <p>(II) Where the subsidiary is not a public</p>	<p>The subsidiaries of the Company shall handle the matters in accordance with the following provisions:</p> <p>(I) The subsidiaries shall stipulate and execute the “Procedures for Acquisition or Disposal of Assets” in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p> <p>(II) Where the subsidiary is not a public</p>	According to Article 34 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

Article	After Amendment	Before Amendment	Explanation
	<p>company, if it reaches the standard for announcement and report stipulating in this handling procedure <u>twenty</u> when acquiring or disposing assets, then the parent company shall handle the matters on the announcement and report on behalf of the subsidiary.</p> <p>(III)The provision “<u>about regulations on the amount of paid-in capital or total assets</u>” stated in the announcement and report of the subsidiaries is based on the paid in capital or <u>total assets</u> of the parent company (the company).</p>	<p>company, if it reaches the standard for announcement and report stipulating in this handling procedure <u>20</u> when acquiring or disposing assets, then the parent company shall handle the matters on the announcement and report on behalf of the subsidiary.</p> <p>(III)The provision “<u>reaching 20 percent of the paid in capital or 10 percent of the total assets of the company</u>” stated in the announcement and report of the subsidiaries is based on the paid in capital or total assets of the parent company (the company).</p>	
27	<p>These procedures shall be approved by <u>more than half of all the members of the audit committee</u>, and then approved by the board of directors and submitted to the shareholders' meeting for approval. The same applies to amendments.</p> <p><u>If the preceding paragraph has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the Audit Committee shall be recorded in the minutes of the board of directors.</u></p> <p>The Articles of Incorporation were established on October 12, 2010.</p> <p>The 1st revision was conducted on June 30, 2011.</p> <p>The 2nd revision was conducted on April 28, 2014.</p> <p>The 3rd revision was conducted on March 29, 2019.</p> <p><u>The 4th revision was conducted on June 9, 2022.</u></p>	<p>The procedure is ratified by the <u>audit committee</u> and board of directors meeting and submitted and approved by the shareholders meeting before implementing; the same applies when the procedures are amended. <u>If a director objects to any matter and has made a record or written statement, it shall be submitted to audit committee.</u></p> <p><u>When the Company submits its procedures herein for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent director opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of director meeting.</u></p> <p>The Articles of Incorporation were established on October 12, 2010.</p> <p>The 1st revision was conducted on June 30, 2011.</p> <p>The 2nd revision was conducted on April 28, 2014.</p> <p>The 3rd revision was conducted on March 29, 2019.</p>	According to Article 6 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies

Director Candidate List

No	Name	Education	Experience	Current Position
1	Weiren Investment Limited	-		Director & chairman of TSEC
2	An Chuang Industrial Corporation Representative: Liao, Wei-Ran	Master, New York State University	Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	Director of TSEC Director of Weiren Investment Limited Chairman of An Chuang Industrial Corporation Director of Formosa Sun Energy Corp. Director of Holdgood Energy Co., Ltd.
3	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	NTU EMBA	Director And G.M. Of Formosan Rubber Group Chairman Of Ace Ray development business Co., Ltd	Director Of TSEC Director And G.M. Of Formosan Rubber Group Director Of Cheng Hsi Investment Corporation Chairman Of Ace Ray International Co., Ltd Director Of Ace Ray International Co., Ltd Director Of Yu Ji Venture Capital Corporation
4	Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	Bachelor of Tamkang University	Chief of Production Business Department and Marketing Department, Formosan Rubber Group Deputy Assistant President, Head of Project, Audit Head, Siliconway Optoelectronics Co., Ltd. Advisor, Formosan Rubber Group	Director of TSEC Chairman of Yu Sheng Energy Corporation
5	National Development Fund Management Committee of the Executive Yuan Representative: Yang Shu-Ling	Soochow University Law Institute	Deputy Executive Secretary and Team Leader of the Investment Review Committee of the Ministry of Economic Affairs Special Committee Member and Section Chief, Department of Commerce, Ministry of Economic Affairs	Counselor of the National Development Commission

Independent Director List

No	Name	Education	Experience	Current Position
1	Lin, Gu-Tong	MBA, The University of Tennessee	Chairman, Deloitte Taiwan	Independent Director of TSEC Independent Director of TaiRx, Inc. Independent Director of Textile Industrial Co., Ltd. Independent Director of InnoPharmax Inc.
2	Zheng,Xian-Zhi	National Cheng Kung University	Presiden, Yark Technology Co., Ltd. President of Greater China DuPont,Electronics and Communication Division Global Business President of DuPont, Microcircuit Materials Division Chairman of DuPont Taiwan Branch Independent Director of SCI Pharmtech, Inc. Supervisor of Sunny Pharmtech Inc.	Independent Director of Oriental Union Chemical Corp.
3	Shen,Qian-Ru	National Taiwan University, Master of Chemical Engineering	Southeast Asia and Taiwan Business Manager of DuPont (American business)	Head of Asia Pacific of CHASM(American business)

Removing Restrictions on Competing with the Company by Directors and Representatives

Name of Corporate director Corporate director representative Independent director	Name of the company serving concurrently	position
An Chuang Industrial Corporation (Representative : Liao, Wei- Jan)	Weiren Investment Limited	Director
	An Chuang Industrial Corporation	Chairman
	Formosa Sun Energy Corp.	Director
	Yuan-Yu Solar Energy Co., Ltd.	Director
	Houchang Energy Co., Ltd.	Director
	Hengli Energy Co., Ltd.	Director
	Hengyoung Energy Co., Ltd.	Director
	Youngli Energy Co., Ltd.	Director
	Changyang Optoelectronics Co., Ltd.	Director
	Yunsheng Optoelectronics Co., Ltd	Director
	Yunxing Optoelectronics Co., Ltd.	Director
Cheng Hsi Investment Corporation (Representative : Hsu, Cheng-Ji)	Formosan Rubber Grou	Director and G.M.
	Cheng Hsi Investment Corporatio	Director
	Ace Ray development business Co., Ltd	Chairman
	Ace Ray Investment Co., Ltd.	Director
	Shan Sha Chien Co-create Company	Director
	Ace Ray International Co., Ltd.	Director
	Yu Ji Venture Capital Corporation	Director
Yu Sheng Energy Corporation (Representative: Liu,Weng- Cheng)	Yu Sheng Energy Corporation	Chairman
National Development Fund Management Committee of the Executive Yuan	United Renewable Energy Co., Ltd.	Juridical Person Director
	SHIH FONG POWER CO., LTD.	Juridical Person Director
Lin, Gu-Tong	TaiRx, Inc.	Independent Director
	Yi Shin Textile Industrial Co., Ltd.	Independent Director
	InnoPharmax Inc.	Independent Director
Zheng,Xian-Zhi	Oriental Union Chemical Corp.	Independent Director
Shen,Qian-Ru	CHASM(American business)	Head of Asia Pacific

TSEC Corporation

Articles of Incorporation

(Before Amendment)

Chapter 1 General

- Article 1: The Company is incorporated in accordance with The Company Act, and is named TSEC Corporation.
- Article 2: The Company is engaged in the following business activities:
- | | |
|-------------|---------------------------------------------------------------------------------------|
| 01. I501010 | Product designing |
| 02. IG03010 | Energy technical services |
| 03. F106030 | Wholesale of molds |
| 04. F113110 | Wholesale of batteries |
| 05. F119010 | Electronic materials wholesale |
| 06. F113010 | Wholesale of machinery |
| 07. F113020 | Wholesale of household appliance |
| 08. F113030 | Wholesale of precision instruments |
| 09. F113990 | Wholesale of other machinery and tools |
| 10. F118010 | Wholesale of computer software |
| 11. CC01080 | Electronic parts and components manufacturing. |
| 12. CC01090 | Manufacture of batteries and accumulators |
| 13. CC01990 | Electrical machinery, supplies manufacturing |
| 14. CQ01010 | Die manufacturing |
| 15. D401010 | Thermal energy supply |
| 16. D101060 | Self-usage power generation equipment utilizing renewable energy industry |
| 17. E601010 | Electric appliance construction |
| 18. ZZ99999 | Non-prohibited or non-restricted businesses, in addition to the permitted businesses. |
- Article 3: The head office of the Company is located in New Taipei City. If necessary, branch offices both at home and abroad may be established upon the resolution of the board of directors and the approval by the central authority.
- Article 4: The total amount of the Company's investment in other businesses is not subject to the 40% limit rule of the paid-in capital as stated in Article 13 of the Company Act.
- Article 5: The Company may provide external endorsement for business-related purposes, which are subject to the Company's Operating Procedures for Endorsement and Guarantee.

Chapter 2 Shares

- Article 6: The Company has an authorized capital of seven billion New Taiwan Dollars in seven hundred million shares. Each share has a face value of ten New Taiwan Dollars. The board of directors is authorized to raise share capital in multiple issues, and part of the issued shares may be preferred stocks.
- A total of NT\$ fifty million in five million shares, with a face value of ten New Taiwan

Dollars, is retained for the issuance of employee stock options, which may be distributed in multiple issues in accordance with the board resolution.

Article 6-1: The rights and obligations of Company with issuing preferred stocks and the main conditions for issuance are as follows:

- I. If the final annual accounts have a surplus, the Company should first pay all taxes and make up for the losses of previous years in accordance with the law.
If there is still a surplus, the Company shall allocate a legal reserve and a special reserve in accordance with the Articles of Incorporation. The remaining balance will be distributed to as dividends, with the preferred stocks receiving the portion they shall receive for the year.
- II. Special dividends are capped at an annual interest rate of 6%, calculated based on the issued price and are given out in cash annually. The board specifies a record date to pay the dividends from the previous year after final financial reports are acknowledged at the annual shareholders' meeting.
The distribution of dividends for the issue year and the reacquired year is calculated based on the actual issuance date of the year.
- III. The Company has discretionary powers on the dividend distribution of preferred stocks. If there is no surplus or insufficient surplus in the annual final accounts, and the Company resolves to cancel the dividend distribution for preferred stocks, it will not constitute a default.
If the issued preferred stocks are noncumulative, the undistributed or under-distributed dividends will not be accumulated and deferred to future years with a surplus.
- IV. For shareholders of preferred stocks receiving the dividends described in Paragraph 2, if the issued preferred stocks are non-participating, they shall not participate in the distribution of surplus and capital reserve as cash and capitalization that common shares offer.
- V. Shareholders of preferred stocks have the priority over the shareholders of common shares to the distribution of the Company's remaining assets. The order of compensation for all shareholders of preferred stocks is the same, but the compensation does not exceed the amount of issuance.
- VI. Shareholders of preferred stocks have no voting rights and election rights in shareholders meetings, but have voting powers at preferred shareholders meetings and shareholders' meetings related to the rights and obligations of preferred shareholders if elected as directors.
- VII. If the preferred stocks issued by the Company are convertible preferred stocks, they shall not be converted within one year from the date of issuance. The

board is authorized to determine the conversion period based on the actual issuance conditions. Shareholders of convertible preferred stocks may apply for partial or complete conversion in accordance with the issuance conditions at a ratio of one preferred stock to one common share (conversion ratio at 1:1). After being converted into common shares, their rights and obligations will be the same as common shares. The distribution of dividends for preferred stocks in the conversion year is based on the percentage of actual issue days over the number of days in the whole day. However, the stocks that are converted into common shares before the record date of stock split or dividends for the year will not participate in the distribution of dividends of preferred stocks for the year and the distribution of annual dividends for subsequent years, but will participate in the distribution of surplus and capital reserve for common shares.

VIII. Preferred stocks have no maturity date. The shareholders of preferred stocks shall not request the Company to reacquire the shares they hold. However, the Company may reacquire part of or all preferred stocks at the original issue price at any time starting the next day from the day one year after the issuance. Preferred stocks that are not reacquired will retain the rights and obligations of the aforementioned issuance conditions. If the Company resolves to issue dividends for the year, the part of dividends that should be paid before the reacquisition date will be calculated based on the actual number of issue days of the year.

IX. When the Company issues new shares by cash capital increase, shareholders of preferred stocks have the same preferred options for new shares as the shareholders of common shares.

X. The capital reserve of preferred stocks issued at a premium shall not be capitalized during the period of issuance of such preferred stocks. The board of directors is authorized to determine the name, issue date and specific issuance conditions of preferred stocks which are subject to the Company's articles of incorporation and relevant laws and regulations, depending on the conditions of the capital market and the willingness of investors.

Article 7: The share certificates of the Company shall be name-bearing, and are issued in accordance with the Company Act and other relevant laws and regulations. Shares of the Company is exempted from actual printing but shall be registered with the Taiwan Depository and Clearing Corporation.

Article 8: Matters regarding the Company's shares shall be handled in accordance with the laws and regulations of the government authority.

Article 9: The registration of the transfer of shares is subject to Article 165 of the Company Act.

Chapter 3 Shareholders' Meeting

- Article 10: Meetings of shareholders include the annual general meeting of shareholders (AGM) and the extraordinary general meeting of shareholders (EGM). The former shall be convened at least once a year within six (6) months after the end of each accounting year; and the latter shall be convened by law where necessary.
- Meetings for preferred stock shareholders may be convened in accordance with relevant laws and regulations when necessary.
- Article 11: Shareholders unable to attend the meetings may offer to show the power of attorney issued by the Company which specifies the scope of authorization, and sign or stamp-seal the power of attorney to authorize their proxies to attend the meetings. Shareholders who authorize their proxies to attend meetings shall comply with the regulations promulgated by the securities authority, unless otherwise specified by Article 177 of the Company Act.
- Article 12: Shareholders' meetings shall be convened by the board of directors, with the chairman being the chair of the meetings. If the chairman is absent for any reason, a person of acting duty shall be appointed. If no person of acting duty is appointed, one shall be appointed among the directors. Shareholder meetings that are convened by other authorized persons shall be chaired by the convener. If there are two or more conveners, one shall be appointed among them to act as the chairperson.
- Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.
- Article 14: Unless otherwise specified by the Company Act, shareholder meetings shall have the attendance of shareholders with more than half majority of the issued shares and the resolutions shall be represented by more than half majority of the attending shareholders.
- Shareholders exercising voting rights by electronic transmission will be deemed to have attended the meeting in person, and related matters are handled in accordance with relevant laws and regulations.
- Article 15: The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. Meeting minutes may also be disseminated by way of public announcements. The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various motions. Minutes are to be retained together with the sign-in log of the attending shareholders and power of attorney presented by the proxies by the Company.

Chapter 4 Board of Directors and Audit Committee

- Article 16: The Company has seven to eleven directors. They are elected at shareholders' meeting based on their capabilities. The term of service is three years and they can be re-elected. The election of the Company's directors adopts the candidate nomination approach, and the

cumulative voting is implemented at the meetings. Shareholders shall make their election choices from the list of candidates. In the election of the Company's directors, every share shall have the same voting power as the elected directors. Votes may be pooled to elect one person or distributed to vote multiple person. Those who obtain more votes are elected as directors.

The Company may purchase liability insurance for its directors during the term of their services in accordance with the law.

There shall be no less than three independent directors, and they shall represent no less than 1/5 of the number of directors. The election adopts a candidate nomination approach, and they are elected from the list of candidates for independent directors. The professional qualifications, shareholding, part-time restrictions, nominations and other rules to be followed shall be handled in accordance with laws and regulations of the securities authority.

Article 17: The directors form a board of directors, and carry out all business tasks in accordance with the laws, articles of incorporation and the resolution of the shareholders' meetings. A chairman is elected from the directors in accordance with Article 208 of the Company Act to represent the Company. A vice chairman may be elected if necessary. The notice of the convening of board meeting can be made in writing, fax or email.

Article 18: The Company establishes an audit committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Act, and the committee shall be composed of all independent directors. The performance of their functions and the related matters shall be determined by the Securities and Exchange Act and the relevant laws and regulations.

Article 19: The remuneration of directors, regardless of the Company's profitability, shall be assessed by the salary and remuneration committee based on the extent of their participation in and contribution to the Company's operations. The board then makes a resolution based on the assessment conducted by the salary and remuneration committee and the standards among industry peers. The Company may offer a salary and remuneration standard for independent directors that is different from that for regular directors.

Article 20: The Company's operating policies and other important matters shall be decided by the board of directors. The chairman should chair the shareholders' and board meetings and represent the Company in public. The chairman is to appoint a director on behalf of himself/herself if he/she cannot exercise the power. In the event where the chairman does not appoint anyone, the directors are to recommend one person from the board.

Article 21: Unless otherwise specified by the Company Act, board meetings shall have the attendance of more than half of directors and the resolutions shall be represented by more than half of the attending directors. The minutes of a board meeting shall bear the signature or seal of both the chair, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. Directors may appoint other directors as their proxies to attend board meetings.

Article 21-1: The board of directors may assemble a Remuneration Committee, Audit Committee or other functional committees as needed to support business activities.

The board is authorized to determine the traveling expenses for directors attending board meetings or other functional committee meetings based on the standards among other industry peers.

Chapter 5 Managers

Article 22: The Company shall establish positions of one executive officer, one president and several managers, and the appointment, dismissal and remuneration shall comply with Article 29 of the Company Act. The chairman or president may take the concurrent position of the executive officer.

The chief executive officer is responsible for the integration of the Company and all its subsidiaries upstream and downstream and the related strategic planning.

Article 22-1: The Company may purchase liability insurance for its officers during the term of their services in accordance with the law.

Chapter 6 Accounting

Article 23: At the end of each financial year, the Board of Directors shall prepare the following books, to be submitted to the AGM for ratification.

I. Business report.

II. Financial statements.

III. Proposal for the distribution of surplus or make-up for the loss.

Article 24: The surplus income of the Company after the annual final accounts is distributed to the following accounts in their respective order:

I. Completion of tax payments in accordance with the law.

II. Make up for past losses.

III. Allocate 10% as legal reserve.

IV. Special reserve is allocated or reversed in accordance with the law or regulations of the authority when necessary.

V. If there is a surplus, it is added to the accumulated undistributed surplus of the previous year to become the surplus available for distribution. After the dividends for preferred stock shareholders are paid in accordance with Article 6-I of the Articles of Incorporation, the board proposes a surplus distribution to the shareholders meeting for resolution.

In consideration of maximizing shareholder value, the Company's dividend policy shall appropriately distribute dividends in accordance with the Company's future capital expenditure budget and capital needs.

Dividends can be distributed in cash or stocks. The cash dividend shall not be less than

10% of the total shareholders' dividends. However, if there is a major capital expenditure plan in the future, all dividends may be distributed in the form of stocks upon the approval by the shareholders meeting.

Article 24-1: Shall there be profit for the year, minimum 5% of it shall be contributed as the employees' remunerations. The Board of Directors shall resolve to pay such remunerations in cash or shares to these employees of the companies controlled by the Company or its subsidiaries who meet the certain conditions. These criteria are determined by the board of directors.

The Company may contribute maximum 5% from the abovementioned profit as the directors' remunerations

Employee's and director's remuneration proposals are to be raised for resolution during the shareholders' meetings.

Profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages.

The transfer of treasury stocks to employees, the issuance of employee stock options, restricted employee shares and new shares through cash capital increase available for subscription by employees may include employees of controlling or affiliated companies that meet certain criteria. These criteria are determined by the board of directors.

Chapter 7 Bylaws

Article 25: The Company's organizational policies and procedures are separately determined by the board resolution.

Article 25-1: Delisting of the Company's shares is subject to the resolution of shareholder meetings.

Article 26: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and the related regulations.

Article 27: The Articles of Incorporation were established on June 17, 2010.

The 1st revision was conducted on June 30, 2011.

The 2nd revision was conducted on June 15, 2012.

The 3rd revision was conducted on June 20, 2013.

The 4th revision was conducted on April 28, 2014.

The 5th revision was conducted on May 25, 2015.

The 6th revision was conducted on May 9, 2016.

The 7th revision was conducted on June 15, 2017.

The 8th revision was conducted on March 29, 2019.

The 9th revision was conducted on June 12, 2020.

TSEC Corporation
Rules of Procedure for Shareholders' Meetings

Appendix 2

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Company Act and related laws and regulations.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 "Shareholder" referred in the Rules are the shareholders and their appointed proxies.
- Article 4 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- Article 6 Attending shareholders may hand in a sign-in card in lieu of signing in, and the shares are counted accordingly. Once the sign-in card is submitted to the Company, it is deemed the shareholder indicated on the sign-in card attend the meeting in person.
- Article 7 Attendance and votes at shareholders meetings shall be calculated based on numbers of shares. The chair may reject any shareholder's proposal to count attendants.
- Article 8 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall designate one director as the deputy. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.
- Article 9 The process of shareholders' meetings shall be recorded in audio and video format uninterruptedly from beginning to the end, and retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 10 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.
- If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 11 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the

agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair pursuant to paragraph 2, Article 182-1, to continue the meeting.

If a meeting is adjourned pursuant to this article, shareholders must not elect another chair to continue the meeting on site or at other venue.

Article 12 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

Article 13 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 14 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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

Article 15 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 16 No discussion or vote will be conducted if the amendment, replacement, or extraordinary motion is made other than the scheduled proposals or raised by shareholders.

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 17 Unless the related laws and regulations and Articles of Incorporation set forth otherwise, the votes for proposal are deemed approved when the majority of the attending voting rights is achieved. When voting, if no objection following an inquiry by the chair, the proposal will be deemed approved, with the same effect as voting.

Article 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

- Article 19 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. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
- Article 20 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 21 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 22 The chair may direct the proctors or security personnel to help maintain order at the meeting place. This article is applied mutatis mutandis in case of disobeying the decision or stop made by the chair pursuant to the Rules or related laws and regulations; in addition, the chair may direct the proctors (or security staff) to remove the disobeying persons from the meeting venue.
- When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 23 If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- Article 24 Any matter not set forth in the Rules shall be dealt with pursuant to the Company Act, related laws and regulations, and the Company's Articles of Incorporation.
- Article 25 The Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.
- The 1st amendment was conducted on May 25, 2015.
- The 2nd amendment was conducted on March 29, 2019.

TSEC Corporation Procedures for Lending Funds to Other Parties (Before Amendment)

Chapter 1 General

Article 1: Purpose

The procedures are stipulated in order to comply with management practical needs when making loans to others. Other provisions of relevant regulations shall be complied according to “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” by Public Companies.

Article 2: Counterparty for lending funds to and the evaluation standard

Under the Company Act Article 15, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

(I) A company or firm have business with which the Company does business; the term “do business with” mentioned previously refers to the Company that the Company make its procurement from or its sales to.

(II) Where a company or firm is required to have short-term financing with the Company; this is only limited to company or firm the required short-term financing which the Company holds more than 20% of the shares due to business demands; the term “short-term” mentioned previously refers to a year or a business cycle.

Article 3: The total amount of loans of funds and the limit amount for individual

(I) Where the financing amount not exceeding 40 percent of the lender’s net worth. For the same borrower, the loan shall not exceed 25% of the funds in the preceding paragraph.

(II) The total amount of capital loans between companies or banks that have business dealings with the Company shall not exceed 20% of the net value of the Company's most recent financial statements; and the amount of individual loans shall not exceed the most recent year between the two parties. The amount of business transactions is limited. The said business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.

(III) Due to the necessity of short-term financing, the total amount of capital loan shall not exceed 20% of the net value of the Company's most recent financial statement; the individual loan amount shall not exceed 10% of the company's latest financial statement net value limit

(IV) The restriction in paragraph 1 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the total monetary amount for loans of funds shall not exceed 10 percent of the net worth of the Company.

Article 4: Limitation period for the loans of funds and calculation method for interests

(I) In principle, the limitation period for loans of funds shall not exceed a year or a business cycle (based on the longer one of the two) since the loans being granted.

(II) The calculation of interest on loaned funds is calculated on a daily basis. The sum of the daily loan balances (that is, the total product) is first multiplied by the annual interest rate, and then divided by 365 to obtain the interest amount. The annual interest rate shall not be lower than the Company's average short-term bank loan interest rate.

(III) Unless there are specific regulations, the repayment of the interest in loans shall be given on a monthly basis, in principle. The borrower will be notified one week before the agreed interest payment date regarding making repayment on time.

Chapter 2 Operating Procedure

Article 5: Procedures for handling and reviewing loans of funds

(I) Application procedure

1. The borrower shall provide basic information and financial data, fill in the application form to state the use of the funds and duration and amount of the loan, and submit to the finance department of the Company.

2. The case officer in the finance department of the company shall evaluate whether the monetary amount for the loan is comparable to the monetary amount of business transaction if the loans of funds were due to business relationships. If short term financing funds are deemed to be necessary, the reasons and situations for loan of funds shall be listed, and credit investigation shall be performed. In addition, relevant information and the drafted loan terms shall be submitted to the manager of the finance department and the chief executive officer and submitted to the board of directors meeting for ratification.

3. Major loans of funds shall be approved by audit committee in accordance with relevant provisions and submitted to the board of directors meeting.

(II) Credit investigation

1. For first-time borrower, the borrower shall provide basic information and financial data in order to perform credit investigation.

2. For renewal borrower, in principle, credit investigation shall be performed when the request for renewal is being submitted. However, if it were due to major or emergency event, it can be performed due to actual demands.

3. If the financial status of the borrower is good and the certified accountant is engaged to make financing certificate for the annual financial report, then the investigation report established within a year can continue to be used, and along with the certified report audit by the accountant of the current period can be used as the reference for lending funds.

4. When the Company performs credit investigation to the borrower, the impact of loans of funds on the business risk, financial status and equity of the shareholders of the Company shall also be evaluated.

(III) Certification of the loans and notification

1. After credit investigation and evaluation, the case officer shall reply the borrower with rejection reasons immediately after the loan case is disapproved by the board of directors meeting.

2. After credit investigation and evaluation, the case officer shall reply the borrower immediately if the loan case is approved by the board of directors meeting and explain in details of the terms for loans of funds, including the amount, duration, interest rate, collaterals and guarantor, etc. The borrower shall be asked to complete the contract signing administration procedures within a limitation period.

(IV) Contract confirmation

1. The case officer shall establish a contract for loan terms, which shall be reviewed by the managers and submitted and ratified by the legal consultant committee before making contract signing administration procedures.

2. The content of the contract shall match with the certified loan terms. After the borrower and the joint guarantor signed on the contract, then the case officer shall handle the contract confirmation procedures.

(V) The evaluation for the value of the collaterals and the establishment of rights (it can be decided by the Company whether the collaterals are required). The borrower shall provide the collaterals and handle pledge or set the pledge procedure. The Company shall evaluate the value of the collaterals to ensure the claim of the Company.

(VI) Insurance

1. Collaterals, except the land and securities, shall be insured with fire risk and other relevant insurances. The monetary amount of the insurance shall not be lower than the pledge of the collateral, in principle. The Company shall be noted on the insurance sheet as the beneficial. The name, quantity and location of storage of the object stated on the insurance sheet, insurance terms, insurance sheet, etc. shall match with the original loan terms of the Company.

2. The case officer shall pay attention to the due date of the insurance and notify the borrower to continue its insurance.

(VII) Grant

The loans can be granted until the loan terms are certified, the borrower signed the contract and complete the mortgage registration for the collaterals, etc., and the correctness of all the administration procedures are verified.

Article 6: Repayment

After making the transfer of loans, the Company shall pay attention to financial, business and credit status, etc. of the borrower and the guarantor frequently. If collaterals are provided, then the Company shall also pay attention to the changes in the value of the collateral. The Company shall notify the borrower to pay off the principal and interest one month before the due date for the loan.

1. The borrower shall calculate the interest payment and pay it off along with the principal before the due date of the loan. Then debt certificate in contract and receipt can be cancelled and returned to the borrower.

2. If the borrower applies for lien cancellations, then the Company shall check first whether loan balance still left to decide whether to agree on lien cancellations.

Article 7: Subsequent measures for control and management of loans, and procedures

(I)Delete

(II)Case registration and keep

1. The Company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under the procedures herein.

2. For loan case, the case officer shall organize the promissory notes in contract and cashier check and collateral materials, policies, correspondence documents, put them into a custody bag and label the content of the custody and the name of the client on the bag after making the transfer of loans for the case handled by him/her and submit to the manager of financial unit for inspection. After confirmation of no errors from the inspection, seal the bag immediately. Both parties shall sign or stamp on the recording book for custody and keep it in custody.

3. The internal audit personnel of the Company shall audit the procedures for lending funds to others and its compliance situations at least every season and make it as written record accordingly. If major violation was to be discovered, the subsidiary shall notify the audit unit

of the Company in written form immediately, and the audit unit of the company shall send the written information to the audit committee.

4. The counterparty does not satisfy the provisions in the procedures herein or the amount goes beyond the balance of the loans due to the change of matters, the company shall establish improvement plan, send the relevant improvement plan to the audit committee and make the improvements in accordance with the schedule.

The case officer shall make a detailed report on loan funds to others shall make a detailed report on loan funds to others during last month before the 5th each month (5th not included) and submit for review to the next level of authority submit for review to the next level of authority.

(III) Treatment of overdue claims

The borrower shall repay the principal and interest immediately when the loan expires. If the borrower fails to repay the loan at the due date, and if the loan does not improve within a certain period of time, the Company may directly punish and recover the loan based on the collateral or guarantor provided by the borrower.

Chapter 3 Information disclosure

Article 8: Public information disclosure (after becoming a public company)

(I) The balance of the Company and its subsidiaries for loans of funds last month shall be announced and reported on Market Observation Post System before the 10th each month.

(II) The Company with loans of funds reach one of the following levels shall announce and report on the Market Observation Post System such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the company's net worth as stated in its latest financial statement.

2. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.

3. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

4. If a subsidiary of the Company is not a domestic public company, then the announcement and report matter from subparagraph 3 of the preceding paragraph for the subsidiaries shall be handled by the Company.

Chapter 4 Supplementary Provisions

Article 9 The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and

provide certified public accountants with relevant information for implementation of necessary auditing procedure.

Article 10 Procedures for controlling and managing loans of funds to others by subsidiaries

(I) When a subsidiary of company intends to loan funds to others, the Company shall ask the subsidiary to stipulate procedures for lending funds to others and handle the relevant matters in accordance with the procedures stipulated.

(II) The subsidiary shall make a detailed report on loan funds to others during last month before the 5th each month (5th not included) and submit to the Company.

(III) The Company shall urge its subsidiaries to check whether the stipulated operating procedures for lending funds to others comply with the laws and regulations and whether the relevant matters are handled in accordance with the procedures stipulated by them. The Company's internal audit unit shall include the subsidiary's fund lending operations to others in the quarterly audit scope, and make written records. If any major violations are found, it shall notify the audit committee in writing.

(IV) If a subsidiary of this company is not a domestic public offering company, and its capital loan and balance meet the standards for public announcement and reporting, it shall notify this company on the date of the fact, and this Company will handle public announcement and reporting in accordance with regulations.

Article 11 Employees of the Company shall be disciplined according to their severity of violating the procedures herein.

Article 12 The procedure is ratified by the audit committee and board of directors meeting and submitted and approved by the shareholders meeting before implementing; the same applies when the procedures are amended. If a director objects to any matter and has made a record or written statement, it shall be recorded in the minutes of the board of directors meeting; the same applies when the procedures are amended. If a director objects to any matter and has made a record or written statement, it shall be recorded in the minutes of the board of directors meeting. When the company submits its procedures herein for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent director opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of director meeting.

The Articles of Incorporation were established on October 12, 2010.

The 1st revision was conducted on May 25, 2015.

The 2nd revision was conducted on March 29, 2019.

TSEC Corporation Procedures for Endorsements and Guarantees (Before Amendment)

Chapter 1 General

Article 1: Purpose

In order to protect the rights and interests of shareholders, reduce business risks, and make the Company's external endorsement and guarantee matters abide by, this operation process is specially formulated.

Article 2: Applicable scope

The term “endorsements/guarantees” as used in these Procedures refers to the following:

- (I) Financing endorsements/guarantees, including bill discount financing, endorsement or guarantee made to meet the financing needs of another company, issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- (II) Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- (III) Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
- (IV) Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the procedures herein.

Article 3: Counterparty for endorsement/guarantee

- (I) A company with which the Company does business.
- (II) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (III) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (IV) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- (V) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their

shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding four paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares. Subsidiaries and parent companies referred to in this procedure shall be identified in accordance with the Financial Accounting Standards Bulletin No. 5 and No. 7 issued by the Accounting Research and Development Foundation of the Republic of China.

Article 4: Amount for endorsement/guarantee

The total amount for endorsement/guarantee externally of the Company shall not exceed 45 percent of the current net worth. The amount for endorsement/guarantee to single enterprise is limited to 20 percent of the current net worth. However, for a single overseas affiliate, the limit is not more than 30% of the net worth. Net worth is based on the most recent financial statements audited or reviewed by an accountant.

The total amount for endorsement/guarantee and the amount for endorsement/guarantee to single enterprise of the company and its subsidiaries shall not exceed 45 percent and 30 percent of the current net worth, respectively.

The amount of endorsement and guarantee by the company for a single enterprise due to business relationship, in addition to the regulations in the preceding paragraph, the upper limit of the amount of endorsement and guarantee shall be the higher of the Company and its purchase or sales amount at the end of the last year or the end of the year.

Article 5: Decisions and degree of authority delegated

When the Company endorses guarantees for others, it shall fully consider the opinions of each independent director, and record their clear opinions of agreement or disapproval and the reasons for their disapproval in the board records. The endorsement and guarantee matters of the Company shall be approved by the resolution of the board of directors. However, in order to meet the requirements of the time limit, the board of directors may authorize the chairman to make a decision within 30% of the net value of the latest financial statement, and then submit it to the latest board of directors for ratification. Subsidiaries that directly or indirectly hold more than 90% of the voting shares of the Company shall not be processed until they are endorsed in accordance with Paragraph 4 of Article 3 and submitted to the Board of Directors of the Company for resolution. However, the inter-company endorsement guarantee that the Company directly and indirectly holds 100% of the voting shares is not limited to this.

Chapter 2 Operating Procedure

Article 6: Procedures for making endorsements/guarantees

(I) When handling the endorsement guarantee, the financial department shall, according to the

application of the endorsement guarantee object, examine whether the qualifications and quotas comply with the provisions of this procedure, and shall conduct credit investigation and analyze the operation, financial and credit status of the endorsement guarantee object, etc. to evaluate the impact of the endorsement guarantee on the Company's operational risk, financial status and shareholders' rights and interests, and the necessity and rationality of the endorsement guarantee should be evaluated. When necessary, collateral should be obtained and the value of the collateral should be evaluated. After stating the relevant endorsement guarantee content and risk assessment results, it is signed and submitted to the general manager and the chairman for approval and then submitted to the board of directors for discussion and approval. If it is still within the prescribed authorization limit, the chairman will directly review the credit procedures and financial status of the endorsement guarantee object.

(II) The memorandum book prepared by finance department shall be recorded in detail with the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the provisions herein, the content of the collaterals and its evaluated value and the terms and dates when the endorsement/guarantee responsibilities are dismissed.

(III) Before the end of the endorsement guarantee date, the financial department shall actively notify the guaranteed enterprise to take back the guarantee bills retained by the bank or creditor institution, cancel the endorsement guarantee related deeds, and record the cancellation date and reason in the reference book, and keep them with a serial number.

Article 7: Procedures for use and custody of corporate chops

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors; similar shall apply when changed. When making endorsement/guarantee, the chop may be used to seal or issue negotiable instruments in accordance with the procedures stipulated by the Company. When making a guarantee for an overseas company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 8: Cautions for making endorsement/guarantee:

(I) The internal audit personnel of the Company shall audit the procedures for endorsement/guarantee and its compliance situations at least every season and make it as written record accordingly. If major violation was to be discovered, audit committee shall be notified in written form and submitted to audit committee.

(II) Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of Article 3 of the procedures, or the amount of endorsement/guarantee exceeds the limit stipulated in Article 4 of the procedures herein due to

the changes in the basis of the calculation limit, the Company shall adopt rectification plans and submit the rectification plans to the audit committee, report the rectification plans to the board of directors meeting, and shall complete the rectification according to the timeframe set out in the plan.

(III) Where the Company needs to exceed the limits set out in the procedures herein to satisfy its business requirements, and where the conditions set out in the procedures herein are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the procedures herein accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit. When the company makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent director opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of director meeting.

Chapter 3 Information disclosure

Article 9: Time limit and content for announcement and report

(I) The balance of the Company and its subsidiaries for endorsement/guarantee last month shall be announced and reported on Market Observation Post System before the 10th each month.

(II) The balance of the Company for endorsement/guarantee reaches one of the following levels shall announce and report on the Market Observation Post System such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 45 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of company's net worth as stated in its latest financial statement.
4. The monetary amount for new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
5. If a subsidiary of the Company is not a domestic public company, then the announcement and report matter from subparagraph 4 of the preceding paragraph for the subsidiaries shall be handled by the Company.

Article 10 The Company shall evaluate or record the contingent loss for endorsements/guarantees and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures based on the provisions of the Financial Accounting Standards Bulletin No. 9

Chapter 4 Supplementary Provisions

Article 11: Procedures for controlling and managing endorsements/guarantees by subsidiaries

(I) When a subsidiary of company intends to make endorsement/guarantee for others, the Company shall ask the subsidiary to stipulate procedures for lending funds to others and handle the relevant matters in accordance with the procedures stipulated.

(II) The subsidiary shall make a detailed report on endorsement/guarantee during last month before the 5th each month and submit to the Company.

(III) The Company shall urge its subsidiaries to check whether the endorsement guarantee procedures stipulated by them comply with laws and regulations and whether they handle relevant matters in accordance with the procedures stipulated by them. The internal audit personnel of the subsidiary shall audit the procedures for endorsement/guarantee and its compliance situations at least every season and make it as written record accordingly. If major violation was to be discovered, the subsidiary shall notify the audit unit of the Company in written form immediately, and the audit unit of the company shall send the written information to the audit committee.

(IV) If the subsidiary of this company is not a domestic public offering company, if the balance of the endorsement guarantee reaches the standard for public notification, it shall notify the Company on the date of occurrence, and the Company shall make public notification according to regulations.

Article 12 Employees of the Company shall be disciplined according to their severity of violating the procedures herein.

Article 13: The procedure is ratified by the audit committee and board of directors meeting and submitted and approved by the shareholders meeting before implementing; the same applies when the procedures are amended. If a director objects to any matter and has made a record or written statement, it shall be recorded in the minutes of the board of directors meeting.

The Articles of Incorporation were established on October 12, 2010.

The 1st revision was conducted on May 25, 2015.

The 2nd revision was conducted on March 29, 2019.

TSEC Corporation
Regulations Governing the Acquisition and Disposal of Assets
(Before Amendment)
Chapter 1: General

Article 1: Purpose

The procedures are stipulated to protect assets and implement the information disclosure.

Article 2: Scope of the “Assets”

(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.

(II) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.

(III) Memberships.

(IV) Including patents, copyrights, trademarks, franchise rights, and other intangible assets.

(V) Right-of-use assets.

(VI) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

(VII) Derivatives.

(VIII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

(IX) Other major assets.

Article 3: Definition of Terms

(I) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and compound contracts combining the above products whose value is derived from specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, indexes of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

(II) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to

transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

(III) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(IV) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

(V) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

(VI) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

(VII) Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

(VIII) The "securities exchange" referred to in these Procedures: "domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

(IX) The "over-the-counter venue" ("OTC venue") referred to in these Procedures: "domestic OTC venue" refers to a venue for over-the-counter trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution which is regulated by the foreign competent authority and permitted to conduct securities business.

(X) The term "within the preceding year" refers to the year preceding the date of the current acquisition or disposal of assets. Items duly announced need not be counted toward the amount.

(XI) The term "financial statements for the most recent period" refers to the financial statements of the Company for the most recent period, certified or reviewed by a certified

public accountant and disclosed in accordance with laws, before the Company acquired or disposed assets.

Article 4: Amounts of real property or right-of-use assets thereof or securities invested for non-business use

The respective quotas for the Company and its subsidiaries to obtain the above assets are determined as follows:

- (I) Total amount of real property or right-of-use assets thereof acquisition for non-business use shall not be higher than 20% of the net value.
- (II) The total investment in long-term and short-term marketable securities shall not exceed 40% of the net value.
- (III) Monetary amount of real property or right-of-use assets thereof acquisition individual securities invested shall not be higher than 20% of the net value.

Article 5 The principle of avoidance of interests

In the valuation report or the opinions of accountants, lawyers or securities underwriters obtained by the Company, the professional valuers and their valuers, accountants, lawyers or securities underwriters shall not be related parties to the transaction.

Chapter II Acquisition or Disposal of Assets

Article 6: Disposition procedures for acquisition or disposal of real property, equipment or its right of use asset.

(I) Assessment and operating procedure

Acquisition or disposal of real property, equipment or its right of use asset shall be done in accordance with fixed asset circulation procedures under the internal control system of the company.

(II) Decision procedure for transaction condition and degree of authority delegated

1. When acquiring or disposing real property or its right-of-use asset, resolution of transaction condition and transaction price shall be made by referencing announced present value, assessed value, actual transaction price of neighboring real property, etc. Relevant information shall be submitted and ratified by the chairman of the board before executing. If the amount is less than NT\$10 million (inclusive), it should be submitted to the general manager for approval; if the amount exceeds NT\$10 million, it must be mentioned and approved by the chairman of the board.

2. To acquire or dispose of other fixed assets, one shall choose one of the methods of inquiry, price comparison, price negotiation or bidding. If the amount is less than NT\$10 million (inclusive), it shall be approved step by step according to the division of powers and

responsibilities. If the amount is NT\$10 million, it should be submitted to the chairman of the board for approval.

3.If the acquisition or disposal of the assets mentioned in the preceding two paragraphs is a special feature of the important matters stipulated in Article 185 of the Company Law. Other resolutions shall be approved by the board of directors and submitted to the shareholders' meeting for approval.

4.The acquisition or disposal of assets by the Company shall be approved by the board of directors in accordance with the prescribed handling procedures or other legal provisions. If a director expresses an objection and there is a record or written statement, the Company shall send the director's objection information to the audit committee. When the transaction of acquiring or disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to all independent directors. The opinions and reasons for their approval or disapproval shall be recorded in the meeting minutes. Major asset transactions of the company shall be approved by more than half of all members of the audit committee, and submitted to the board of directors for resolution.

(III) The units responsible for implementation

Acquisition or disposal of real property, equipment or its right of use asset by the Company shall be approved based on the preceding degree of authority delegated and implemented by the procurement department.

(IV) Appraisal reports for real property, equipment or its right of use asset

In acquiring or disposing of real property, equipment, or right of use assets thereof where the transaction amount reaches 20 percent of the Company's paid in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land or leased land, engaging others to build on rented land, or acquiring or disposing of equipment or its right of use asset 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:

1.Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance and the same shall apply to any subsequent changes, if any, to the terms and conditions of the transaction.

2.Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

3.Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of

are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; 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.

Article 7: Investment and disposition procedures for acquisition or disposal of securities

(I) Assessment and operating procedure: The purchase and sale of long-term and short-term securities of the Company shall be handled in accordance with the investment cycle of the Company's internal control system.

(II) Trading securities done in stock exchange market or over the counter venue shall be determined and decided by responsible unit based on market price, and if the amount is less than NT\$10 million (inclusive), it shall be approved by the chairman and shall be reported in the recent meeting of the board of directors. At the same time, it is proposed that long-term and short-term marketable securities have not realized benefits or losses in loss analysis report; if the amount exceeds NT\$10 million, it must be approved by the board of directors. Among them, money market funds are financial operations and have low risk.

(III) The Company's acquisition or disposal of assets should be approved by the board of directors in accordance with the set handling procedures or other legal provisions; if any directors have different opinion and written in report, the material should be submitted to audit committee. When the transaction of acquiring or disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to all independent directors. The opinions and reasons for their approval or disapproval shall be recorded in the meeting minutes.

(III) The units responsible for implementation

When the Company invests in long-term and short-term securities, it shall submit a petition for approval in accordance with the approval authority in the preceding paragraph, and the financial and accounting department shall be responsible for implementation.

(IV) Obtain an accountant's opinion

When the Company acquires or disposes of securities, unless the following conditions are met, the Company shall first obtain the latest financial statements that have been verified, certified or reviewed by an accountant are used as a reference for evaluating the transaction price. In addition, if the Company's paid-in capital is 20% or more than NT\$300 million, an accountant should be consulted to discuss the transaction price.

Reasonable opinion:

- 1.Those who initiate the establishment or raise the establishment and obtain negotiable securities by capital contribution in cash.
- 2.Participating in the subscription of securities issued by the target company in accordance with relevant laws and regulations for cash capital increase and issued at par.
- 3.Those who participate in the subscription and reinvestment of 100% of the securities issued by the investee company through cash capital increase.
- 4.Listed, over-the-counter and emerging securities traded on stock exchanges or the business offices of securities firms.
- 5.It is a public bond, a bond with repurchase or sell-back conditions.
- 6.Funds at home and abroad.
- 7.Acquired or disposed of in accordance with the tendering regulations or auction regulations for listed (over-the-counter) securities of the stock exchange or OTC center City (cabinet) company stock.
- 8.Acquired by participating in the public offering of companies' cash capital increase subscription, and the securities obtained are not private equity securities couponer.
- 9.Pursuant to Article 11, Paragraph 1 of the Securities Investment Trust and Consultant Law and the Financial Management Securities of the Association on November 1, 1993. Four-Zi decree No. 0930005249 stipulates that those who apply for the fund before the establishment of the fund.
- 10.Domestic private funds subscribed or bought back, if the investment strategy has been stated in the trust deed, except for securities credit transactions. The investment scope of the public fund is the same as that of the unresolved securities-related commodities held.

Article8 Disposition procedure for acquiring or disposing intangible assets or its right of use asset or memberships

(I) Acquisition or disposal of intangible assets or its right-of-use asset or memberships

The analysis report should be submitted to board of directors for approval of transaction conditions and price based on the evaluation report and market status.

(2)If the Company's acquisition or disposal of assets should be approved by the board of directors in accordance with the set handling procedures or other legal provision. If a director expresses an objection and there is a record or written statement, the company shall send the

director's objection information to the Audit Committee. When the transaction of acquiring or disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to all independent directors. The opinions and reasons for their approval or disapproval shall be recorded in the meeting minutes.

3.The units responsible for implementation

In acquiring or disposing intangible assets or its right of use asset or memberships, the actions shall be approved based on the preceding degree of authority delegated and implemented by the financial department and managing department.

4.Appraisal report and opinions from professionals for in tangible assets

Where the Company acquires or disposes of intangible assets or its right of use asset or memberships and the transaction amount reaches 20 percent or more of paid in capital or NT\$300 million or more, in addition to dealing with government agencies, an accountant should be consulted to express opinions on the reasonableness of the transaction price, and the accountant should also follow the auditing standards issued by the Accounting Research and Development Foundation The Bulletin No. 20 stipulates that it should be handled.

Article 9: Disposition procedure for acquiring or disposing claims of financial institutions

In principle, the Company does not do transaction on acquiring or disposing of financial institutions. If the Company wishes to do transaction on acquiring or disposing of financial institutions afterwards, then the transaction shall be submitted and approved by the board of directors meeting, and its assessment and operating procedure shall be established.

Chapter III Related Party Transactions

Article 10 Procedures for acquiring real estate from related parties

The Company acquires immovable property by purchasing or exchanging it from a related party, except for the handling procedures for acquiring immovable property in accordance with Article 6 of Chapter 2. In addition to the rationale, the relevant resolution procedures and the evaluation of the rationality of the transaction conditions should be handled in accordance with the provisions of Chapter 3. In addition, when judging whether the transaction object is a related person, in addition to paying attention to its legal form, the substantive relationship should also be considered. And the following materials should be submitted to the audit committee and the board of directors for approval:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. Based on Article 11 regulation, evaluate related materials of expected rationality of transaction condition

4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.

5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. Restrictive covenants and other important stipulations associated with the transaction.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to previous paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution.

If the preceding paragraph has not been approved by more than one-half of all the members of the Audit Committee, it may be implemented with the consent of more than two-thirds of all the directors, and the resolutions of the audit committee shall be recorded in the minutes of the board of directors. All members of the audit committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be counted on the basis of the actual incumbents.

Article 11 A public company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

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

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

(III)Where land and structures thereupon are combined as a single property purchased or leased

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

(IV) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding the first and the second paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

(V) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 10, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

Article 12 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 13. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
3. Where the Company acquiring real property, or obtaining real property right-of-use assets

through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

Article 13 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Article 11 and 12 are uniformly lower than the transaction price, the following steps shall be taken:

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

(II) Supervisors shall comply with Article 218 of the Company Act.

(III) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

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

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Chapter 4 Engaging in Derivatives Trading

Article 14: Disposition procedure for acquiring or disposing derivatives trading principles and strategies

(I) Type of derivatives

1. Derivatives engaged in the Company refer transaction contracts related to derivatives production of the Company, limited to interest rates or foreign exchange rates.
2. Relevant matters regarding transaction of bond margin shall be done in accordance with relevant provisions of the disposition procedure herein. Transaction of bond with repurchase terms shall not apply the provisions in the disposition procedure herein.

(II) Operating (hedging) strategies

1. The transaction of derivatives by the Company shall be done based on the hedging purposes. The transaction goods selected shall avoid the risks derived from business operations of the company. The currency held shall match with the currency needs for actual import and export transaction. The transaction shall base on the principle of self-squaring off internal positions of the company (referring to the income and expenditure of foreign currency) to reduce the risks from foreign currency exchange of the company and save the operating cost for foreign currency exchange.
2. When the company's net U.S. dollar foreign currency position exceeds US\$5 million, and the main currency used is expected to continue to appreciate,
Have to execute foreign currency hedging transactions.
3. Transaction of other specific use shall be evaluated carefully and proceed until submitted and approved by the board of directors meeting.

(III) Division of responsibilities

1. Financial department

(A) Trading officer

- a. Trading officer is responsible for developing the strategies for all transactions of derivatives in the Company.
- b. Trading officer shall calculate the positions every two weeks and collect market information to make a judgement on the trend, assess the risks and develop operating strategies, which will be taken as the basis for performing transaction after approved by the corresponding degree of authority delegated.
- c. Trading officer shall execute the transaction based on degree of authority delegated and the established strategies.
- d. When there are major changes to the financial market or the trading officer has determined the established strategies are not applicable, appraisal report shall be submitted at all times to develop new strategies and taken as the basis for performing transaction after approved by the general manger.

(B) Accounting

- a. Execute transaction confirmation.
- b. Review whether the transaction is carried out in accordance with the authorization authority and the established strategy.

c. Evaluation is carried out every month, and the evaluation report is submitted to the general manager for verification.

d. Accounting treatment.

e. Reporting and announcement in accordance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan.

(C) Settlement officer: perform settlement tasks.

(D) Degree of authority delegated for the derivatives

a. The approval authority for risk-avoiding transactions may be executed in accordance with the "Measures for the Division of Powers and Responsibilities" and the established risk-avoiding strategies trade. If traders judge that the established hedging strategy is not applicable, they need to submit an evaluation report in time

And redefine the hedging strategy, approved by the general manager, as the basis for the transaction.

b. Other special-purpose transactions can only be carried out after reporting to the board of directors for approval.

c. The Company's acquisition or disposal of assets shall be subject to the directors' approval in accordance with the set handling procedures or other legal requirements

If a director expresses objection and there is a record or written statement, the objection information should be sent to the audit committee.

When the transaction of acquiring or disposing of assets is submitted to the board of directors for discussion in accordance with the provisions of the preceding paragraph, full consideration shall be given to the opinions of independent directors, and the opinions and reasons for their approval or disapproval shall be recorded in the meeting minutes.

(E) Establish a memorandum book for the type, amount, date of approval of the board of directors and determination of derivatives transactions. The results of the performance evaluation made during the period will be posted for future reference.

2. Audit Unit

The Company's audit unit shall make a determination of the suitability of internal controls on derivatives, conduct audit of how faithfully derivatives trading by the trading department adheres to the operating procedures, analyze the transaction circulation, and prepare an audit report. If any material violation or potential major loss to the company are discovered, internal audit personnel shall prepare a statement to notify the board of directors.

3. Performance evaluation

(A) Hedging transaction

a. Performance evaluation is based on the income and loss derived from the cost of exchange rate on the book of the company and the transactions of the derivatives.

b. The Company adopts monthly evaluation method to evaluate income and loss to get hold of

and express the risks involving the appraisal of the transaction sufficiently.

c. Financial department shall provide position appraisal and market trend of the exchange rate and market analysis to serve as a managing reference and indication to the chief executive officer.

(B) Special Purpose Transaction

The actual profit and loss is the basis for performance evaluation, and the accountants must regularly prepare reports for the position to provide management reference.

4. Establishment of the upper limit for the total amount and loss of the contract

(A) Total amount of the contract

a. Amount of hedging transactions:

The financial department should grasp the overall position of the Company in order to avoid transaction risks with no more than two-thirds of the Company's overall net position. If it exceeds two-thirds, it should be reported to the general manager to approve it.

b. Transaction for other specific use:

Based on the forecast of market changes, the financial department can formulate strategies as needed and report to the general manager. It can only be carried out after the approval of the management and the chairman of the board. The total contract amount of company-wide net accumulation of transactions for specific purposes of the company is limited to USD 50 million, and can only be approved after being submitted to the board of directors for approval.

(B) Establishment of upper limit for losses

For hedging trading purposes or trading contracts for specific purposes, after the position is established, a stop loss point should be set to prevent excess losses. The setting of the stop loss point shall not exceed 15% of the total amount of the transaction contract. The amount of individual contract losses shall not exceed 12% of the transaction contract amount. When the loss amount reaches the established upper limit, general manager and chairman shall be notified immediately, and board of directors shall be notified to discuss necessary countermeasures.

Article 15 Risk Management Measures for Engaged in Derivatives Trading

(I) Credit risk management:

In terms of market risk management, it shall be performed based on the following principles due to the changes in all kinds of factors of the market, which easily caused operational risks by the derivatives:

Trading counterparty: Well-known domestic and foreign financial institutes.

Trading goods: This is limited to the goods provided by well-known domestic and foreign financial institutes.

Transaction Amount: The unreversed transaction amount of the same transaction object shall

not exceed 10% of the authorized total amount. However, those approved by the general manager are not limited to this.

(II) Market Risk Management:

The open foreign exchange trading market provided by banks is mainly used, and the futures market is not considered for the time being.

(III) Risk management for liquidity:

When selecting financial goods, choose the ones with high liquidity to ensure market liquidity (squaring off can be done at all times on the market). The entrusted trading financial institutes shall have sufficient information and is capable of making transaction in any market at all times.

(IV) Risk management for cash flow:

The fund resource for performing transaction of derivatives shall be limited to the Company's own funds and predicted fund demands of cash income in the next three months shall be considered for operational monetary amount to ensure the stability of working capital turnover of the Company.

(V) Risk management for operations:

1. Amount by the degree of authority delegated, operation process and incorporation into internal audit shall be complied surely to avoid operational risks.
2. The trading, confirmation, settlement operator for the derivatives shall not concurrent with each other.
3. The personnel for measuring, supervising and controlling risks shall belong to the different department than the personnel in the preceding paragraph. The board of directors or senior managers, who have not taken the responsibility for decisions on the transaction or position shall be reported with the risks.
4. The holding positions for the transaction of derivatives shall be evaluated at least one a week. Hedging transaction required for business demands shall be evaluated twice a month, and its evaluation report shall be submitted to senior manager authorized during the board of directors meeting.

(VI) Risk management for goods:

The internal trading personnel shall have complete and correct professional knowledge on the financial goods. The bank shall be asked to disclose the risks sufficiently to avoid misuse the risks of the financial goods.

(VII) Legal risk management:

The documents signed with financial institutes shall be viewed by the professionals for foreign exchange and legal affairs or legal consultants before signing it formally to avoid legal risks.

(I) The company's internal audit personnel shall periodically decide the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

(II) The internal audit personnel shall announce the audit report and internal audit operations before February of the next year in accordance with the provisions of FSC and announce the rectification situations for the abnormal matters before May of

Article 17 Periodic assessment method

(I) The board of directors shall authorized senior managers to supervise and evaluate whether the transaction of derivatives is complied with the transaction procedures stipulated by the Company, whether the bore risks is within the permissible range and whether there are abnormal situations in the market price evaluation report (such as the holding positions have exceed the loss limit) periodically. These shall be submitted to the board of directors meeting and countermeasures shall be adopted.

(II) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

Article 18 The monitoring and controlling principles for the board of directors meeting when doing transactions of derivatives:

(I) The board of directors meeting shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. The management principle is as follows:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these procedures for engaging in derivatives trading formulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

(II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's

permitted scope of tolerance.

(III) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its procedures.

(IV) The Company engaging in derivatives trading shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Article 17 paragraph 2, and subparagraph 1 and subparagraph 2 of this article, of the preceding article shall be recorded in detail in the memorandum book.

Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 19 Disposition procedure for conducting a merger, demerger, acquisition, or transfer of shares

(I) Assessment and operating procedure

1. When conducting a merger, demerger, acquisition, or transfer of shares, the Company shall engage a CPA, attorney, or securities underwriter to discuss an expected schedule for legal procedures jointly and organize a task force to execute in accordance with legal procedures. Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

2. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1, subparagraph 1 of the article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Moreover, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

(II) Other cautions

1. Date of board of directors meeting: The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, reports via the Internet prescribed system information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

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

3. Principles for the establishment and alternation of share exchange ratio or acquisition price: Companies participating in a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors of both parties, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. The Company may not arbitrarily alter the share

exchange ratio or acquisition price in principle unless alternation terms are stipulated in the contract and have been disclosed to public. The terms for altering the share exchange ratio or acquisition price are as follows:

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

4. Contents which shall be stated in the contract: The contract for participation by a company in a merger, demerger, acquisition, or transfer of shares shall record the following matters in accordance with Article 317-1 of Company Act and Article 22 of Enterprises Mergers and Acquisitions Act.

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

5. The number of companies participating in a merger, demerger, acquisition, or transfer of shares changed: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders

meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

6. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the date of board of directors meeting in paragraph 2, subparagraph 1 of the article, prior confidentiality commitment in the paragraph 2, subparagraph 2 of the article and the number of companies participating in a merger, demerger, acquisition, or transfer of shares changed in paragraph 2, subparagraph 5 of the article.

Chapter Six Public Disclosure of Information

Article 20 When the Company acquires or disposes of assets, if there are any of the following circumstances, it shall, according to the nature and in the prescribed format, publish relevant information on the website designated by the Financial Supervisory Commission within two days from the date of the fact:

(I) items which shall be announced or reported and their standards

1. Acquisition or disposal of real property or its right of use asset from or to a related party, or acquisition or disposal of assets other than real property or its right of use asset from or to a related party where the transaction amount reaches 20 percent or more of paid in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more.

2. Engaged in mainland investment.

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

4. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of domestic government bonds.

(2) Trading of bonds under repurchase and resale agreements

(3) Subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(4) The type of assets acquired or disposed of are machinery and equipment for business use and the transaction object is not a related party, and the transaction amount did not exceed NT\$500 million.

(5) Where land is acquired under an arrangement on engaging others to build on the

Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a Related Party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.

(6)The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right of use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

Article 21 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the Article 20, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed with regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

Article 22 The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 23 When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

Article 24 The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Chapter Seven Additional Provisions

Article 25 The subsidiaries of the Company shall handle the matters in accordance with the following provisions:

(I) The subsidiaries shall stipulate and execute the “Procedures for Acquisition or Disposal of Assets” in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

(II) Where the subsidiary is not a public company, if it reaches the standard for announcement and report stipulating in this handling procedure 20 when acquiring or disposing assets, then the parent company shall handle the matters on the announcement and report on behalf of the subsidiary.

(III) The provision “reaching 20 percent of the paid in capital of the Company” stated in the announcement and report of the subsidiaries is based on the paid in capital of the parent company (the Company).

Article 26 Penalties

Employees of the Company shall be disciplined according to their severity of violating the procedures herein in accordance with provisions in regulations of the Company.

Article 27 The procedure is ratified by the audit committee and board of directors meeting and submitted and approved by the shareholders meeting before implementing; the same applies when the procedures are amended. If a director expresses an objection and there is a record or written statement, the company shall send the director's objection information to the audit committee.

When the Company submits its procedures herein for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent director opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of director meeting.

The Articles of Incorporation were established on October 12, 2010.

The 1st revision was conducted on June 30, 2011.

The 2nd revision was conducted on April 28, 2014.

The 3rd revision was conducted on March 29, 2019.

TSEC Corporation Shareholding of Directors

Appendix 6

- I. Total issued shares of the Company: 445,796,730 shares.
- II. Total issued shares of preference stock A of the Company: 25,894,736 shares.
- III. Pursuant to “Article 26, Securities and Exchange Act” and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the minimum total shares shall be held by all directors of the Company are 16,000,000 shares.
- IV. As the Audit Committee has replaced the supervisors, there is no applicable shares to the supervisors.
- V. As of the date of transfer suspension for the AGM (April 11, 2022), the shares held by the directors are as the following:

Designation	Name	Type of holding	Shares Held	Shareholding proportion
Chairman	Weiren Investment Limited Representative: Liao, Kuo-Ron	Common shares	4,525,538	1.02%
		Preferred Stock A	0	0.00%
Director	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	Common shares	43,099	0.01%
		Preferred Stock A	0	0.00%
Director	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	Common shares	1,762,919	0.40%
		Preferred Stock A	0	0.00%
Director	Farglory International Investment Corporation Representative: Lin, Li-Chiang	Common shares	5,120,244	1.15%
		Preferred Stock A	0	0.00%
Director	Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	Common shares	20,000	0.00%
		Preferred Stock A	17,684,210	68.29%
Independent Director	Wu, Chia-En	Common shares	6,495	0.00%
		Preferred Stock A	0	0.00%
Independent Director	Chiang, Huai-De	Common shares	0	0.00%
		Preferred Stock A	0	0.00%
Independent Director	Lin, Gu-Tong	Common shares	0	0.00%
		Preferred Stock A	0	0.00%
Total shares for all directors		Common shares	11,478,295	2.57%
		Preferred Stock A	17,684,210	68.29%