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# Pegavision Corporation

## 2022 Annual General Shareholders' Meeting Minutes

(Translation)

- Time : 9:00 a.m., May 24, 2022, Tuesday
- Place : Pegavision's Guishan Fab (No.5, Shing Yeh St., Guishan Dist., Taoyuan City 333,Taiwan (R.O.C.))
- Convening method: Physical Shareholders Meeting
- Total outstanding Pegavision shares: 70,000,000 shares
- Total Pegavision shares with voting rights: 70,000,000 shares
- Total shares held by shareholders presented in person or by proxy: 57,052,830 shares
- Percentage of shares held by shareholders presented in person or by proxy: 81.50%
- Chairman: Ming-Tung Kuo, the Chairman of the Board of Directors
- Directors Present: T.H Tung, Te-Sheng Yang, Ho-Hsu Chen, Wen-Yung Ho, Jen-Lu Yao
- Attendees: Ching-Piao Cheng, CPA, Ernst & Young  
Hung-Sheng Chu, Attorney, Phoebus & Artemis Attorneys-at-Law and CPAs  
Ching-Hsiang Wang, Director of Finance & Accounting Division
- Recorder: Wei-Chieh Peng
- Corporate Governance Officer: Ching-Hsiang Wang

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

- Chairman's Address (omitted)

### **I. Items to be reported**

- (I) Summary: The Company's 2021 operational and financial results (Business Report).  
Details: Please refer to Attachment 1 (pages 7 to 9) for the 2021 business report.
- (II) Summary: Audit Committee's review report on 2021 financial statements.  
Details: Please refer to Attachment 2 (page 10) for Audit Committee's Review Report.
- (III) Summary: The 2021 compensation of directors and employee bonus.

Details:

1. Pursuant to Article 27 of the company's Articles of Incorporation, 2021 employees' and directors' remuneration resolved is NT\$186,083,618 (representing 11.5% of pre-tax profit) and NT\$16,181,184 (representing 1% of pre-tax profit) respectively, and the both amounts will be entirely paid in cash.
2. The sum of director remuneration paid in cash to directors and corporate representatives who hold positions within the group amounted to NT\$16,179,000.
3. No differences exist between the estimated amount and the actual distribution of the employee bonuses and there is negative NT\$2,184 differences between the estimated amount and the actual distribution of the remuneration to directors for the year ended December 31, 2021.

(IV) Summary: The cash dividends distribution of 2021 earnings.

Details:

1. Pursuant to Article 27-1 of the Company's Articles of Incorporation, cash distribution to shareholders shall be resolved in a board meeting, and reported in the upcoming shareholder meeting. A proposal has been made to pay NT\$595,000,000 in cash dividends at NT\$8.5 per share.
2. The amount of cash dividend distribution shall be calculated using the payout ratio and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income. At which time, a proposal will also be raised to authorize the Chairman to set details such as the dividend baseline date.

## II. Items to be approved

(I) Summary : Adoption of the Company's 2021 Business Report and Financial Statements (proposed by board of directors).

Details:

1. The Company's 2021 business report and financial statements have been approved by the board of directors; the financial statements have also been audited by CPA Ching-Piao Cheng and CPA Shao-Pin Kuo of Ernst & Young and reviewed by the Audit Committee.
2. Please refer to Attachment 1 (pages 7 to 9) for the 2021 business report, and Attachment 3 (pages 11 to 31) for standalone and consolidated financial statements.

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,052,830	55,587,759	9	1,465,062	0

votes* (54,862,912 votes)	votes* (53,406,572 votes)	votes* (9 votes)	votes* (1,456,331 votes)	Votes*
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\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

(II) Summary: Adoption of the 2021 Earnings Appropriation (proposed by board of directors).

Details:

1. The Company reported NT\$1,248,573,777 of net income in 2021; after providing for legal reserves of NT\$124,857,099 and special reserves of NT\$8,223,612, and adding to undistributed earnings of NT\$1,498,072,012 carried from previous years and reducing reorganization adjustment of NT\$2,786, the Company had NT\$2,613,562,292 of earnings that were available for distribution.
2. Please refer to Attachment 4 (page 32) for the Company's 2021 earnings appropriation report.

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,052,830 votes* (54,862,912 votes)	55,587,789 votes* (53,406,602 votes)	129 votes* (129 votes)	1,464,912 votes* (1,456,181 votes)	0 Votes*

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

### III. Items to be discussed and resolved by shareholders and the election

(I) Summary: Amendment to the Company's Articles of Incorporation (Proposed by Board of Directors).

Details:

1. To increase the flexibility of future fundraising operations, hereby revised to increase the total authorized capital of the Company to NT\$ 1 billion.
2. In accordance with Article 172-2 of the Company Act, to amend the Company's Articles of Incorporation, stipulating that shareholders' meetings can be held by means of visual communication network or

other methods promulgated by the central competent authority. The relevant conditions, operating procedures and other matters regulated by the securities regulatory authority shall be complied with.

3. According to Article 241 of the Company Act, the procedures for distribute dividends and cash from legal reserve and capital reserves are simplified for public companies. Thus, the Company's Articles of Incorporation are amended in accordance with the law.
4. The Company's Articles of Incorporation are amended for the above reasons. A comparison table of the Company's Articles of Incorporation please refer to Attachment 5 (pages 33 to 35)

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,052,830 votes*	53,470,024 votes*	2,117,716 votes*	1,465,090 votes*	0 Votes*
(54,862,912 votes)	(51,288,837 votes)	(2,117,716 votes)	(1,456,359 votes)	

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

(II) Summary: Amendment to the Procedures for Acquisition or Disposal of Assets (proposed by Board of Directors).

Details:

1. The following amendments have been made to conform to the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission on January 28, 2022:

1.1 To strengthen the management of related party transactions:

To protect the rights and interests of the shareholders, the public listed company or its subsidiaries that are not publicly listed in the domestic market acquire or dispose of assets from related parties, and the transaction amount exceeds 10% of the public listed company's total assets, and the public listed company shall submit the relevant information to the shareholders' meeting for approval.

However, transactions between the Company and its subsidiaries or those between its subsidiaries are not subject to the foregoing limitation.

1.2 To improve the quality of opinions issued by external experts:

It is specified that professional appraisers and their officers, accountants, lawyers or securities underwriters issue appraisal reports or opinions shall in accordance with regulation of their trade associations.

1.3 To relax the information disclosure of some transactions:

To relax public listed companies' trading of foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan, and they are also exempt from announcements since the announcement and declaration for the purchase and sale of domestic government bonds have been exempted.

2. The Procedures for Acquisition or Disposal of Assets are amended for the above reasons. A comparison table of the Procedures for Acquisition or Disposal of Assets please refer to Attachment 6 (pages 36 to 48)

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,052,830 votes*	55,586,211 votes*	1,129 votes*	1,465,490 votes*	0 Votes*
(54,862,912 votes)	(53,405,024 votes)	(1,129 votes)	(1,456,759 votes)	

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

(III) Summary: Proposal of Release the Prohibition on Directors from Participation in Competitive Business (proposed by Board of Directors).

Details:

1. According to the regulation , “the behavior belongs to the scope of business that directors conduct for his/her own or for others shall explain the major content of the behavior to shareholders’ meeting and acquire the approval”, Article 209, The Company ACT.
2. If a director or his/her representative does anything for himself or on behalf of another person that is within the scope of the company's business as previously mentioned, it is proposed to remove the

noncompetition restriction on the condition that the interests of the company are not impaired. The concurrent positions of directors are as follows :

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,052,830 votes*	52,697,993 votes*	2,290 votes*	4,352,547 votes*	0 Votes*
(54,862,912 votes)	(50,516,806 votes)	(2,290 votes)	(4,343,816 votes)	

\*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

**IV. Other Question and Special Motion:** None

**V. Adjournment**

(Note: This minutes is extracted from the 2022 Annual General Shareholders' Meeting, the details are subject to the audio and video recording.)

# Attachment 1

## Pegavision Corporation

### Business Report

Dear Shareholders,

In 2021, the global economy began making a comeback against COVID-19. Unlike the general recession reported a year ago, the World Bank now estimates the growth rate of the global economy at be 5.9% for 2021. CooperCompanies estimates total revenues of soft contact lens manufacturers worldwide in 2021 at US\$9.4 billion, up 14% from US\$8.2 billion in 2020. Thus, our industry growth rate surpasses the growth of the global economy. As for Pegavision, after our strong performance amid the challenges of 2020, we are pleased to once again report record-high revenue and profits for 2021. Below, we will outline our business performance in 2021 and our plans for 2022.

Our consolidated revenues stood at NT\$5.595 billion in 2021, up NT\$1.617 billion or 40.64% from the NT\$3.978 in 2020. Our gross profit margin grew by 2.6 percentage points from 50.4% to 53%, while net income attributable to parent company shareholders increased by NT\$533.21 million or 74.54% from NT\$715.36 million in 2020 to NT\$1.249 billion in 2021. This means that the earnings per share increased by NT\$7.62 from NT\$10.22 in 2020 to NT\$17.84 in 2021. This increase of consolidated revenues in 2021 was largely due to the growth of OEM services in Mainland China and Japan. Also, improved capacity utilization and production line expansions gave us economies of scale, which shows in greatly improved gross profit margin and net income.

### Technological Developments

Pegavision committed NT\$546.64 million of its R&D expenses in 2021 to support new product development and to improve production technology. This represented a 46% increase from NT\$374.46 million in 2020. We acquired 77 new patents and had permits approved on 48 products in 2021. These include:

- Patents for 36 graphical patterns;
- The first 510(k) medical instrument premarket notification in the U.S. for vitamin-infused toric and multifocal soft lens solutions;
- PMDA certification in Japan for toric, multifocal, cosmetic toric, and cosmetic multifocal daily disposable soft contact lenses (the solution contains menthol).

## **Corporate Sustainability**

Pegavision ranked in the 6%-20% tier among TWSE and TPEX listed companies during the 7th Corporate Governance Evaluation. In addition, we were selected by Taiwan Index Plus Corporation as a constituent company of the "TWSE Corporate Governance 100 Index." Lastly, we also completed our first ISO 14064-1:2018 greenhouse gas verification during the year, and incorporated climate risk into operating strategies for enhanced sustainability and resilience.

## **Summary of Current Business Plan**

Our mission remains "Expanding Consumers' Vision". To this end, we will continue to invest in the development of automated equipment in the coming year to improve our production efficiency, product quality, production flexibility, and delivery times. With respect to the product portfolio, Pegavision will continue introducing high-end optical products and acquiring permits throughout the world to serve brand owners better. We currently hold permits in the 27 EU countries, 4 East Asian countries, as well as the USA, UK, India, Malaysia, Vietnam, Thailand, Australia, and Singapore.

Taking a closer look at the main markets, growth in the Chinese market has shown signs of slowdown since the 4th quarter of 2021, but is still estimated to expand by 20%-30% in 2022. Our high production efficiency and flexibility will help capture this growth. Meanwhile, demand in Japan is steadily recovering, and we expect to grow businesses further in the coming year by strengthening customer attachment through strategies such as joint product development and local distribution support.

## **Future prospect**

Although growth of the global economy has recovered thanks to vaccination programs and fiscal incentives from governments around the world, the world's economy growth rate for the current year is estimated to be 1.5% less than 2021 due to spread of new virus variants, supply shortage, and inflation, and the world economy may even slow down further in 2023.

After reporting a 5%-10% rebound in revenue in the first quarter of 2021, growth of the world's soft contact lens industry has returned to the pre-pandemic levels since the second quarter. Currently, global demand for contact lenses is 2%-3% higher than the pre-pandemic levels. This consistent demand and increasing users of daily disposable and silicone hydrogel products are favorable to the industry's growth. Looking at the long term, macroeconomic factors that drive our industry's growth should remain strong, especially when over the next 30 years half of the world's population is expected to have myopia, up from one-third today. This will enable our industry to sustain annual



growth of 4%-6%.

Contact lens is a capital-intensive industry characterized by high technological barrier of entry, long product certification times, and strict regulations. As a professional manufacturer of soft contact lenses, we therefore invest much attention and ample resources in production technology as well as product R&D, pattern design, certification, distribution, and branding in order to offer our clients the best products and the most complete services. We are also taking steps to reduce dependency on a single area or market in order to mitigate potential adverse impacts from certain policies or regulatory changes on our business and results.

Overall, we are confident of maintaining Pegavision's revenue growth above the industry levels. On behalf of employees at Pegavision, we thank you for your continued trust and support. We will persistently create value for shareholders through sound corporate governance and sustainable practices.

Pegavision Corporation

Chairman Peter Kuo

President T.S Yang

Head of Accounting C.H. Wang

## **Attachment 2**

# **Pegavision Corporation Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit Pegavision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Pegavision Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Pegavision Corporation

Chairman of the Audit Committee : Eric Yao

February 15, 2022

## **Attachment 3**

### **INDEPENDENT AUDITORS' REPORT**

To: the Board of Directors and Shareholders of  
Pegavision Corporation

#### **Opinion**

We have audited the accompanying parent-company-only balance sheets of Pegavision Corporation (the “Company”) as of December 31, 2021 and 2020, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as “the parent-company-only financial statements”).

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2021 and 2020, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of 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 Parent-Company-Only 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$5,162,463 thousand for the year ended December 31, 2021 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, Asia, America, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the financial statements.

## Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Company's net inventory amounted to NT\$406,315 thousand, representing 5% of total assets, as of December 31, 2021, which is significant to the Company's financial statements. The market of the Company's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the financial statements.

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

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

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent-company-only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Cheng,Ching-Piao

/s/Kuo,Shao-Pin

Ernst & Young  
Taiwan, R.O.C  
February 15<sup>th</sup>, 2022

Notice to Readers

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

*Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation*

Pegavision Corporation  
Parent-Company-Only Balance Sheets  
As of December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2021		2020	
Code	Accounts	Notes	Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	4,6(1)	\$1,447,272	18	\$952,903	15
1110	Financial assets at fair value through profit or loss	4,6(2)	55,024	1	566,769	9
1170	Accounts receivable, net	4,6(3)	319,381	4	258,283	4
1180	Accounts receivable - related parties, net	4,6(3),7	538,184	6	582,063	9
1200	Other receivables		5,348	-	3,680	-
1210	Other receivables - related parties	7	328	-	-	-
1310	Inventories, net	4,6(4)	406,315	5	291,848	5
1410	Prepayments		56,212	1	42,177	1
1470	Other current assets		26,302	-	26,309	-
11XX	Total current assets		<u>2,854,366</u>	<u>35</u>	<u>2,724,032</u>	<u>43</u>
15XX	Non-current assets					
1550	Investment accounted for under equity method	4,6(5)	281,810	3	54,156	1
1600	Property, plant and equipment, net	4,6(6),8	4,905,796	60	3,085,192	49
1755	Right-of-use assets, net	4,6(17)	-	-	95,539	2
1780	Intangible assets, net	4,6(7)	11,550	-	6,296	-
1840	Deferred tax assets	4,6(21)	12,704	-	14,035	-
1900	Other non-current assets	6(6),6(8),7,8,9	122,898	2	303,997	5
15XX	Total non-current assets		<u>5,334,758</u>	<u>65</u>	<u>3,559,215</u>	<u>57</u>
1XXX	Total Assets		<u><u>\$8,189,124</u></u>	<u><u>100</u></u>	<u><u>\$6,283,247</u></u>	<u><u>100</u></u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)



Pegavision Corporation  
Parent-Company-Only Balance Sheets (Continued)  
As of December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2021		2020	
Code	Accounts	Notes	Amount	%	Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	6(9)	\$444,866	5	\$367,890	6
2130	Contract liabilities	6(15), 7	24,000	-	39,635	1
2150	Notes payable		2,216	-	554	-
2170	Accounts payable		199,583	3	144,089	2
2200	Other payables	6(10), 7	1,640,762	20	805,619	13
2230	Current tax liabilities	4,6(21)	99,171	1	62,274	1
2280	Lease liabilities	4,6(17)	-	-	38,317	-
2300	Other current liabilities	6(11),6(12),7,8	123,619	2	132,320	2
21XX	Total current liabilities		<u>2,534,217</u>	<u>31</u>	<u>1,590,698</u>	<u>25</u>
25XX	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(12),8	141,993	2	14,705	-
2570	Deferred tax liabilities	4,6(21)	25,661	-	23,366	1
2580	Lease liabilities	4,6(17)	-	-	57,895	1
2645	Guarantee deposits received	7	404	-	634	-
2670	Other non-current liabilities	6(11)	784	-	234	-
25XX	Total non-current liabilities		<u>168,842</u>	<u>2</u>	<u>96,834</u>	<u>2</u>
2XXX	Total liabilities		<u>2,703,059</u>	<u>33</u>	<u>1,687,532</u>	<u>27</u>
3100	Capital	6(14)				
3110	Common stock		700,000	9	700,000	11
3200	Capital surplus	6(14)	1,804,931	22	1,804,928	29
3300	Retained earnings	6(14)				
3310	Legal reserve		242,715	3	171,179	3
3320	Special reserve		8,143	-	9,795	-
3350	Unappropriated retained earnings		2,746,643	33	1,917,956	30
3400	Other equity interest		(16,367)	-	(8,143)	-
3XXX	Total equity		<u>5,486,065</u>	<u>67</u>	<u>4,595,715</u>	<u>73</u>
	Total liabilities and equity		<u>\$8,189,124</u>	<u>100</u>	<u>\$6,283,247</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation  
Parent-Company-Only Statements of Comprehensive Income  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	4,6(15),7	\$5,162,463	100	\$3,836,666	100
5000	Operating costs	6(3),7	<u>(2,685,241)</u>	<u>(52)</u>	<u>(1,985,728)</u>	<u>(52)</u>
5900	Gross profit from operations		2,477,222	48	1,850,938	48
5910	Unrealized gross profit (loss) from sales		4,642	-	(72,165)	(2)
	Gross profit from operations		<u>2,481,864</u>	<u>48</u>	<u>1,778,773</u>	<u>46</u>
6000	Operating expenses	7				
6100	Selling expenses		(266,304)	(5)	(417,648)	(11)
6200	Administrative expenses		(268,506)	(5)	(176,322)	(4)
6300	Research and development expenses		(546,642)	(11)	(374,460)	(10)
6450	Expected credit gains (losses)	6(16)	<u>(7,873)</u>	<u>-</u>	<u>(3,223)</u>	<u>-</u>
	Operating expenses total		<u>(1,089,325)</u>	<u>(21)</u>	<u>(971,653)</u>	<u>(25)</u>
6900	Operating income		<u>1,392,539</u>	<u>27</u>	<u>807,120</u>	<u>21</u>
7000	Non-operating income and expenses	6(19)				
7100	Interest income		3,429	-	4,157	-
7010	Other income		15,803	-	11,791	-
7020	Other gains and losses		(29,767)	-	(25,654)	-
7050	Finance costs		(3,206)	-	(3,789)	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures	4,6(5)	<u>37,056</u>	<u>-</u>	<u>22,906</u>	<u>-</u>
	Non-operating income and expense total		<u>23,315</u>	<u>-</u>	<u>9,411</u>	<u>-</u>
7900	Income from continuing operations before income tax		1,415,854	27	816,531	21
7950	Income tax	4,6(21)	<u>(167,280)</u>	<u>(3)</u>	<u>(101,172)</u>	<u>(2)</u>
8200	Net income		<u>1,248,574</u>	<u>24</u>	<u>715,359</u>	<u>19</u>
8300	Other comprehensive income (loss)	6(20)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		<u>(8,224)</u>	<u>-</u>	<u>1,651</u>	<u>-</u>
	Total other comprehensive income, net of tax		<u>(8,224)</u>	<u>-</u>	<u>1,651</u>	<u>-</u>
8500	Total comprehensive income		<u>\$1,240,350</u>	<u>24</u>	<u>\$717,010</u>	<u>19</u>
9750	Earnings per share - basic (in NT\$)	4,6(22)	<u>\$17.84</u>		<u>\$10.22</u>	
9850	Earnings per share - diluted (in NT\$)	4,6(22)	<u>\$17.72</u>		<u>\$10.16</u>	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation  
Parent-Company-Only Statements of Changes in Equity  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital	Capital Surplus	Retained Earnings			Other Components of equity	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	
		3100	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2020	\$700,000	\$1,804,928	\$123,630	\$5,237	\$1,429,704	\$(9,794)	\$4,053,705
	Appropriation and distribution of 2019 earnings:							
B1	Legal reserve appropriated			47,549		(47,549)		-
B3	Special reserve appropriated				4,558	(4,558)		-
B5	Cash dividends - common shares					(175,000)		(175,000)
D1	Net income for 2020					715,359		715,359
D3	Other comprehensive income (loss) for 2020						1,651	1,651
D5	Total comprehensive income	-	-	-	-	715,359	1,651	717,010
Z1	Balance as of December 31, 2020	<u>\$700,000</u>	<u>\$1,804,928</u>	<u>\$171,179</u>	<u>\$9,795</u>	<u>\$1,917,956</u>	<u>\$(8,143)</u>	<u>\$4,595,715</u>
A1	Balance as of January 1, 2021	\$700,000	\$1,804,928	\$171,179	\$9,795	\$1,917,956	\$(8,143)	\$4,595,715
	Appropriation and distribution of 2020 earnings:							
B1	Legal reserve appropriated			71,536		(71,536)		-
B3	Special reserve appropriated				(1,652)	1,652		-
B5	Cash dividends - common shares					(350,000)		(350,000)
D1	Net income for 2021					1,248,574		1,248,574
D3	Other comprehensive income (loss) for 2021						(8,224)	(8,224)
D5	Total comprehensive income	-	-	-	-	1,248,574	(8,224)	1,240,350
H3	Reorganization		3			(3)		-
Z1	Balance as of December 31, 2021	<u>\$700,000</u>	<u>\$1,804,931</u>	<u>\$242,715</u>	<u>\$8,143</u>	<u>\$2,746,643</u>	<u>\$(16,367)</u>	<u>\$5,486,065</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation  
Parent-Company-Only Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2021	2020	Code	Items	2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$1,415,854	\$816,531	B01800	Acquisition of investment accounted for under equity method	(194,180)	(40,000)
A20010	Profit or loss not effecting cash flows:			B01900	Proceeds from disposal of investment accounted for under equity method	-	775
A20100	Depreciation (including right-of-use assets)	603,226	598,538	B02700	Acquisition of property, plant and equipment	(1,779,133)	(709,244)
A20200	Amortization	4,047	2,929	B02800	Proceeds from disposal of property, plant and equipment	447	1,599
A20300	Expected credit losses (gain)	7,873	3,223	B03700	Decrease (increase) in refundable deposits	23,170	(5,441)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(356)	(947)	B04500	Acquisition of intangible assets	(9,301)	(4,689)
A20900	Interest expense	3,206	3,789	BBBB	Net cash provided by (used in) investing activities	<u>(1,958,997)</u>	<u>(757,000)</u>
A21200	Interest income	(3,429)	(4,157)				
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(37,056)	(22,906)	CCCC	Cash flows from financing activities:		
A22500	Loss on disposal of property, plant and equipment	(447)	(1,599)	C00100	Increase in (repayment of) short-term borrowings	76,976	238,976
A23700	Impairment loss on non-financial assets	24,015	19,627	C01600	Increase in long-term borrowings	128,580	15,000
A23900	Unrealized (gains) losses	(4,642)	72,165	C03000	Increase in guarantee deposits received	(230)	(128)
A29900	Loss (gain) on lease modification	(690)	(160)	C04020	Payments of lease liabilities	(8,495)	(117,225)
A29900	Loss (gain) on government grants	(218)	(21)	C04500	Cash dividends paid	<u>(350,000)</u>	<u>(175,000)</u>
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	<u>(153,169)</u>	<u>(38,377)</u>
A31115	Financial assets at fair value through profit or loss	512,101	(249,702)				
A31150	Accounts receivable	(68,971)	(168,509)	EEEE	Net Increase (decrease) in cash and cash equivalents	494,369	363,202
A31160	Accounts receivable - related parties	43,879	(259,589)	E00100	Cash and cash equivalents at beginning of period	<u>952,903</u>	<u>589,701</u>
A31180	Other receivables	(1,745)	(1,330)	E00200	Cash and cash equivalents at end of period	<u>\$1,447,272</u>	<u>\$952,903</u>
A31190	Other receivables - related parties	(328)	-				
A31200	Inventories	(114,467)	210,949				
A31230	Prepayments	(14,035)	(23,295)				
A31240	Other current assets	7	(17,000)				
A32125	Contract liabilities	(15,635)	8,187				
A32130	Notes payable	1,662	(3,176)				
A32150	Accounts payable	55,494	44,470				
A32180	Other payables	332,739	137,679				
A32230	Other current liabilities	(8,917)	46,179				
A33000	Cash generated from operations	<u>2,733,167</u>	<u>1,211,875</u>				
A33100	Interest received	3,506	4,145				
A33300	Interest paid	(3,381)	(2,151)				
A33500	Income tax paid	<u>(126,757)</u>	<u>(55,290)</u>				
AAAA	Net cash provided by (used in) operating activities	<u>2,606,535</u>	<u>1,158,579</u>				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

## **MANAGEMENT REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of Pegavision Corporation as of December 31, 2021 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Pegavision Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Pegavision Corporation

By

Guo, Ming-Dong

Chairman

February 15th, 2022

## **INDEPENDENT AUDITORS' REPORT**

To : the Board of Directors and Shareholders of  
Pegavision Corporation

### **Opinion**

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 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.

## Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Group's revenue amounting to NT\$5,595,043 thousand for the year ended December 31, 2021 is a significant account to the Group's consolidated financial statements. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

## Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Group's net inventory amounted to NT\$573,774 thousand, representing 7% of total assets, as of December 31, 2021, which is significant to the Group's consolidated financial statements. The market of the Group's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Group's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the consolidated financial statements.

## **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 requirements of the Regulations Governing the Preparation of

Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Other

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2021 and 2020.

/s/Cheng, Ching-Piao

/s/Kuo, Shao-Pin

Ernst & Young  
Taiwan, R.O.C.  
February 15<sup>th</sup>, 2022

### Notice to Readers

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

*Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation*

Pegavision Corporation and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2021 and 2020  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$1,848,965	21	\$1,246,001	19
1110	Financial assets at fair value through profit or loss	4, 6(2)	67,028	1	566,769	9
1170	Accounts receivable, net	4, 6(3), 6(15), 7	627,333	7	574,715	9
1200	Other receivables		6,708	-	3,680	-
1220	Current tax assets	4, 6(20)	1,558	-	-	-
1310	Inventories, net	4, 6(4)	573,774	7	389,405	6
1410	Prepayments		73,409	1	54,070	1
1470	Other current assets		63,795	1	56,138	1
11xx	Total current assets		<u>3,262,570</u>	<u>38</u>	<u>2,890,778</u>	<u>45</u>
	Non-current assets					
1600	Property, plant and equipment, net	4, 6(5), 8, 9	4,915,392	57	3,090,551	48
1755	Right-of-use assets, net	4, 6(16)	157,658	2	106,734	2
1780	Intangible assets, net	4, 6(6)	14,082	-	6,296	-
1840	Deferred tax assets	4, 6(20)	13,305	-	14,636	-
1900	Other non-current assets	6(5), 6(7), 7, 8	201,909	3	307,036	5
15xx	Total non-current assets		<u>5,302,346</u>	<u>62</u>	<u>3,525,253</u>	<u>55</u>
1xxx	Total Assets		<u>\$8,564,916</u>	<u>100</u>	<u>\$6,416,031</u>	<u>100</u>

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

Pegavision Corporation and Subsidiaries  
Consolidated Balance Sheets-(Continued)  
As of December 31, 2021 and 2020  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(8)	\$444,866	5	\$367,890	6
2130	Contract liabilities	6(14),7	64,227	1	80,262	1
2150	Notes payable		2,316	-	554	-
2170	Accounts payable		200,420	2	144,090	2
2200	Other payables	6(9), 7	1,736,420	20	841,310	13
2230	Current tax liabilities	4, 6(20)	122,480	2	82,178	2
2280	Lease liabilities	4, 6(16)	52,396	1	41,846	1
2300	Other current liabilities	6(10), 6(11)	155,304	2	158,836	2
21xx	Total current liabilities		<u>2,778,429</u>	<u>33</u>	<u>1,716,966</u>	<u>27</u>
	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(11), 8	141,993	2	14,705	-
2570	Deferred tax liabilities	4, 6(20)	25,661	-	23,366	-
2580	Lease liabilities	4, 6(16)	109,107	1	64,400	1
2645	Guarantee deposits received		515	-	645	-
2670	Other non-current liabilities	4, 6(10), 6(11)	784	-	234	-
25xx	Total non-current liabilities		<u>278,060</u>	<u>3</u>	<u>103,350</u>	<u>1</u>
2xxx	Total liabilities		<u>3,056,489</u>	<u>36</u>	<u>1,820,316</u>	<u>28</u>
	Equity					
3100	Capital	6(13)				
3110	Common stock		700,000	8	700,000	11
3200	Capital surplus	6(13)	1,804,931	21	1,804,928	28
3300	Retained earnings	6(13)				
3310	Legal reserve		242,715	3	171,179	3
3320	Special reserve		8,143	-	9,795	-
3350	Unappropriated retained earnings		2,746,643	32	1,917,956	30
3400	Other equity interest		(16,367)	-	(8,143)	-
36xx	Non-controlling interests		22,362	-	-	-
3xxx	Total equity		<u>5,508,427</u>	<u>64</u>	<u>4,595,715</u>	<u>72</u>
	Total liabilities and equity		<u>\$8,564,916</u>	<u>100</u>	<u>\$6,416,031</u>	<u>100</u>

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

Pegavision Corporation and Subsidiaries  
Consolidated Statements Of Comprehensive Incomes  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(14)	\$5,595,043	100	\$3,978,413	100
5000	Operating costs	6(4), 7	(2,630,738)	(47)	(1,973,888)	(50)
5900	Gross profit		2,964,305	53	2,004,525	50
6000	Operating expenses	7				
6100	Selling expenses		(627,067)	(11)	(552,737)	(14)
6200	Administrative expenses		(321,543)	(6)	(218,086)	(6)
6300	Research and development expenses		(546,642)	(10)	(374,460)	(9)
6450	Expected credit gains (losses)	6(15)	(9,059)	-	(3,554)	-
	Operating expenses total		(1,504,311)	(27)	(1,148,837)	(29)
6900	Operating income		1,459,994	26	855,688	21
7000	Non-operating income and expenses	6(18)				
7100	Interest income		4,470	-	4,813	-
7010	Other income		14,474	-	12,025	-
7020	Other gains or losses		(30,542)	-	(23,714)	-
7050	Finance costs		(4,459)	-	(3,958)	-
	Total non-operating incomes and expenses		(16,057)	-	(10,834)	-
7900	Income from continuing operations before income tax		1,443,937	26	844,854	21
7950	Income tax	4, 6(20)	(195,501)	(4)	(129,495)	(3)
8200	Net income		1,248,436	22	715,359	18
8300	Other comprehensive income (loss)	6(19)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Exchange differences resulting from translating the financial statements of a foreign operation		(8,224)	-	1,651	-
	Total other comprehensive income, net of tax		(8,224)	-	1,651	-
8500	Total comprehensive income		\$1,240,212	22	\$717,010	18
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		\$1,248,574	22	\$715,359	18
8620	Non-controlling interests		(138)	-	-	-
			\$1,248,436	22	\$715,359	18
8700	Comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$1,240,350	22	\$717,010	18
8720	Non-controlling interests		(138)	-	-	-
			\$1,240,212	22	\$717,010	18
9750	Earnings per share-basic (in NTD)	4, 6(21)	\$17.84		\$10.22	
9850	Earnings per share-diluted (in NTD)	4, 6(21)	\$17.72		\$10.16	

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

Pegavision Corporation and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent							Non-controlling interests	Total Equity
		Capital	Capital Surplus	Retained Earnings				Total		
				Legal Reserve	Special reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations			
3100	3200	3310	3320	3350	3410	31XX	36XX	3XXX		
A1	Balance as of January 1, 2020	\$700,000	\$1,804,928	\$123,630	\$5,237	\$1,429,704	\$(9,794)	\$4,053,705	\$-	\$4,053,705
B1	Appropriation and distribution of 2019 earnings									
B1	Legal reserve appropriated			47,549		(47,549)		-		-
B3	Special reserve appropriated				4,558	(4,558)		-		-
B5	Cash dividends-common shares					(175,000)		(175,000)		(175,000)
D1	Net income for 2019					715,359		715,359		715,359
D3	Other comprehensive income (loss) for 2020						1,651	1,651		1,651
D5	Total comprehensive income	-	-	-	-	715,359	1,651	717,010	-	717,010
Z1	Balance as of December 31, 2020	<u>\$700,000</u>	<u>\$1,804,928</u>	<u>\$171,179</u>	<u>\$9,795</u>	<u>\$1,917,956</u>	<u>\$(8,143)</u>	<u>\$4,595,715</u>	<u>\$-</u>	<u>\$4,595,715</u>
A1	Balance as of January 1, 2021	\$700,000	\$1,804,928	\$171,179	\$9,795	\$1,917,956	\$(8,143)	\$4,595,715	\$-	\$4,595,715
B1	Appropriation and distribution of 2020 earnings									
B1	Legal reserve appropriated			71,536		(71,536)		-		-
B3	Special reserve appropriated				(1,652)	1,652		-		-
B5	Cash dividends-common shares					(350,000)		(350,000)		(350,000)
D1	Net income for 2021					1,248,574		1,248,574	(138)	1,248,436
D3	Other comprehensive income (loss) for 2021						(8,224)	(8,224)		(8,224)
D5	Total comprehensive income	-	-	-	-	1,248,574	(8,224)	1,240,350	(138)	1,240,212
H3	Reorganization		3			(3)		-		-
O1	Non-controlling interests								22,500	22,500
Z1	Balance as of December 31, 2021	<u>\$700,000</u>	<u>\$1,804,931</u>	<u>\$242,715</u>	<u>\$8,143</u>	<u>\$2,746,643</u>	<u>\$(16,367)</u>	<u>\$5,486,065</u>	<u>\$22,362</u>	<u>\$5,508,427</u>

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

Pegavision Corporation and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2021	2020	Code	Items	2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,443,937	\$844,854	B02700	Acquisition of property, plant and equipment	(1,840,501)	(711,244)
A20000	Adjustments:			B02800	Proceeds from disposal of property, plant and equipment	447	1,599
A20010	Profit or loss not effecting cash flows:			B03700	Decrease (increase) in refundable deposits	3,510	(4,698)
A20100	Depreciation (including right-of-use assets)	652,256	606,087	B04500	Acquisition of intangible assets	(12,089)	(4,689)
A20200	Amortization	4,306	2,929	BBBB	Net cash provided by (used in) investing activities	(1,848,633)	(719,032)
A20300	Expected credit losses (gain)	9,059	3,554				
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(360)	(947)	CCCC	Cash flows from financing activities:		
A20900	Interest expense	4,459	3,958	C00100	Increase in (repayment of) short-term borrowings	76,976	238,976
A21200	Interest income	(4,470)	(4,813)	C01600	Increase in long-term borrowings	128,580	15,000
A22500	Loss (gain) on disposal of property, plant and equipment	(381)	(1,599)	C03000	Increase (decrease) in guarantee deposits received	(130)	(117)
A23700	Impairment loss on non-finacial assets	24,015	19,627	C04020	Payments of lease liabilities	(50,176)	(122,692)
A29900	Loss (gain) on lease modification	(710)	(160)	C04500	Cash dividends paid	(350,000)	(175,000)
A29900	Loss (gain) on government grants	(218)	(21)	C05800	Increase (decrease) in non-controlling interests	22,500	-
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(172,250)	(43,833)
A31115	Financial assets at fair value through profit or loss	500,101	(249,702)				
A31150	Accounts receivable	(61,672)	(324,972)	DDDD	Effect of exchange rate changes	(9,016)	1,843
A31180	Other receivables	(3,093)	(1,329)				
A31200	Inventories	(184,369)	160,587	EEEE	Increase (decrease) in cash and cash equivalents	602,964	433,194
A31230	Prepayments	(19,339)	(30,795)	E00100	Cash and cash equivalents at beginning of period	1,246,001	812,807
A31240	Other current assets	(7,657)	(26,798)	E00200	Cash and cash equivalents at end of period	\$1,848,965	\$1,246,001
A32125	Contract liabilities	(16,035)	9,497				
A32130	Notes payable	1,762	(3,176)				
A32150	Accounts payable	56,330	44,471				
A32180	Other payables	389,809	143,439				
A32230	Other current liabilities	(3,748)	72,474				
A33000	Cash generated from operations	2,783,982	1,267,165				
A33100	Interest received	4,535	4,800				
A33300	Interest paid	(3,381)	(2,151)				
A33500	Income tax paid	(152,273)	(75,598)				
AAAA	Net cash provided by (used in) operating activities	2,632,863	1,194,216				

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

## Attachment 4

### Pegavision Corporation Earnings Appropriation Report 2021

Unit: NTD

Item	Amount
Opening undistributed earnings	1,498,072,012
Minus: Reorganization	(2,786)
Plus: 2021 net income	1,248,573,777
Subtotal	2,746,643,003
Provisions:	
Provision for legal reserve (10%)	(124,857,099)
Provision for special reserve	(8,223,612)
Subtotal of distributable earnings for the year	2,613,562,292
Distributions:	
Shareholders' dividends - NT\$8.5 cash per share	(595,000,000)
Closing undistributed earnings	2,018,562,292
Note 1: The appropriation will be allocated out of 2021 earnings as a priority.	

Chairman:  
Ming-Dong Guo

President:  
Te-Sheng Yang

Head of Accounting:  
Ching-Hsiang Wang



## Attachment 5

### Pegavision Corporation

#### Comparison Table for the Articles of Incorporation before and after revision

Amended clause	Existing clause	Explanation
<p>Article 5: The Company has an authorized capital of <u>Ten</u> Hundred Million New Taiwan Dollars, at a par value of NTD 10 per share, which can be offered in multiple issues. Unissued shares may be offered over multiple issues, subject to board of directors' resolution. The Company shall reserve four million shares of its authorized capital to meet exercise of warrants, preferred shares with warrant and corporate bonds with warrant, which can be offered over multiple issues with board of directors' resolution.</p>	<p>Article 5: The Company has an authorized capital of <u>Eight</u> Hundred Million New Taiwan Dollars, at a par value of NTD 10 per share, which can be offered in multiple issues. Unissued shares may be offered over multiple issues, subject to board of directors' resolution. The Company shall reserve four million shares of its authorized capital to meet exercise of warrants, preferred shares with warrant and corporate bonds with warrant, which can be offered over multiple issues with board of directors' resolution.</p>	<p>To increase the flexibility of future fundraising operations, hereby revised Articles of Incorporation.</p>
<p>Article 11 The Company holds two types of shareholder meeting: annual general meeting and extraordinary shareholder meeting. Annual general meetings are convened at least once a year at a time no later than six months after the end of a financial year, whereas extraordinary shareholder meetings can be convened at any time deemed necessary. Convention of annual general meeting shall be notified 30</p>	<p>Article 11 The Company holds two types of shareholder meeting: annual general meeting and extraordinary shareholder meeting. Annual general meetings are convened at least once a year at a time no later than six months after the end of a financial year, whereas extraordinary shareholder meetings can be convened at any time deemed necessary. Convention of annual general meeting shall be notified 30</p>	<p>In according to the amendment of Article 172-2 of the Company Act, shareholders' meetings can be held by means of visual communication network, hereby revised Articles of Incorporation.</p>

<p>days in advance, whereas extraordinary shareholder meetings are to be notified 15 days in advance. Details such as the meeting date, venue and proposals shall be communicated to each shareholder in writing or using electronic form; however, shareholders with less than 1,000 shares can be communicated by way of public announcement instead.</p> <p><u>Shareholders' meetings can be held by means of visual communication network or other methods promulgated by the central competent authority. The relevant conditions, operating procedures and other matters regulated by the securities regulatory authority shall be complied with.</u></p>	<p>days in advance, whereas extraordinary shareholder meetings are to be notified 15 days in advance. Details such as the meeting date, venue and proposals shall be communicated to each shareholder in writing or using electronic form; however, shareholders with less than 1,000 shares can be communicated by way of public announcement instead.</p>	
<p>Article 27-1 When it is determined that the company has earnings for a fiscal year, the earnings shall firstly to be appropriated to profit-seeking business income tax and reimbursement of previous losses as required by law, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to share capital. Next, provisions for special reserve</p>	<p>Article 27-1 When it is determined that the company has earnings for a fiscal year, the earnings shall firstly to be appropriated to profit-seeking business income tax and reimbursement of previous losses as required by law, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to share capital. Next, provisions for special reserve</p>	<p>In accordance with the law amendment, the procedures for distribute dividends and cash from legal reserve and capital reserves are simplified for public companies, hereby revised Articles of Incorporation.</p>

<p>are to be made according to laws or instructions of the authority. The remainder plus undistributed earnings accumulated in previous years can then be distributed or retained, for which the board of directors is required to propose an earnings appropriation plan and seek resolution in a shareholder meeting.</p> <p><u>If the Company's Cash distribution is from all or part of legal reserve and capital reserve</u> to shareholders shall be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.</p>	<p>are to be made according to laws or instructions of the authority. The remainder plus undistributed earnings accumulated in previous years can then be distributed or retained, for which the board of directors is required to propose an earnings appropriation plan and seek resolution in a shareholder meeting.</p> <p>Cash distribution <u>of the above surplus</u> to shareholders shall be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.</p>	
<p>Article 33</p> <p>This Articles of Incorporation was approved unanimously by all founders on August 12, 2009.</p> <p>The 1st amendment was made on April 29, 2014.</p> <p>The 2nd amendment was made on June 16, 2015.</p> <p>The 3rd amendment was made on June 14, 2016.</p> <p>The 4th amendment was made on June 14, 2018.</p> <p>The 5th amendment was made on June 14, 2019.</p> <p><u>The 6th amendment was made on May 24, 2022.</u></p>	<p>Article 33</p> <p>This Articles of Incorporation was approved unanimously by all founders on August 12, 2009.</p> <p>The 1st amendment was made on April 29, 2014.</p> <p>The 2nd amendment was made on June 16, 2015.</p> <p>The 3rd amendment was made on June 14, 2016.</p> <p>The 4th amendment was made on June 14, 2018.</p> <p>The 5th amendment was made on June 14, 2019.</p>	<p>Added revision date.</p>

## Attachment 6

### Pegavision Corporation

#### Comparison Table for the Procedures for Acquisition or Disposal of Assets

Amended clause	Existing clause	Explanation
<p>Article 7: Paragraphs 1 is unchanged.</p> <p>When issuing an appraised report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of their respective association and</u> the following:</p> <p>1. Prior to accepting a case, they shall prudently access their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collection, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report</p>	<p>Article 7: Paragraphs 1 is unchanged.</p> <p>When issuing an appraised report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently access their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collection, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby amended the Paragraph 2 、 Paragraph 2-2 、 Paragraph 2-3 and Paragraph 2-4 of Article 7.</p>

<p>or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>adequate</u>, and they have complied with applicable laws and regulations.</p>	<p>issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>accurate</u>, and they have complied with applicable laws and regulations.</p>	
<p>Article 9: Paragraphs 1、2 and 3 are unchanged.</p> <p>4. Appraisal report of real estate, equipment or right-of-use assets</p> <p>In acquiring or disposing real estate, equipment or right-of-use assets where the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a domestic government agency, contracting third parties to build on the land owned or rented by the Company, acquiring or disposing of machinery, equipment, or right-of-use assets for</p>	<p>Article 9: Paragraphs 1、2 and 3 are unchanged.</p> <p>4. Appraisal report of real estate, equipment or right-of-use assets</p> <p>In acquiring or disposing real estate, equipment or right-of-use assets where the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a domestic government agency, contracting third parties to build on the land owned or rented by the Company, acquiring or disposing of machinery, equipment, or right-of-use assets for</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby amended the Paragraph 4-3 of Article 9.</p>

<p>operating purposes.</p> <p>(1). Where due to special circumstances and it is necessary to give a restricted price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval from the the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2). Where the transaction price equals to or exceeds NT\$1 billion, 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, except the actual acquisition price is lower than the appraised price or the actual disposal price is higher than the appraised price, a CPA shall be engaged to perform a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>operating purposes.</p> <p>(1). Where due to special circumstances and it is necessary to give a restricted price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval from the the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2). Where the transaction price equals to or exceeds NT\$1 billion, 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, except the actual acquisition price is lower than the appraised price or the actual disposal price is higher than the appraised price, a CPA shall be engaged to perform <u>the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	
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<p>a. The difference between the appraised price and the actual transaction price equals to or exceeds 20% of the transaction price.</p> <p>b. The difference between the appraised prices of two or more professional appraisers equals to or exceeds 10 % of the transaction price.</p> <p>(4). Where a professional appraisal is conducted prior to the contract date, the appraisal report should have been issued within 3 months of the contract date. However, if the object's publicly announced value is still the same and the appraisal report, and the report was issued no longer than 6 months, then the original professional appraiser may provide opinions.</p> <p>(5). Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report or CPA opinions.</p>	<p>a. The difference between the appraised price and the actual transaction price equals to or exceeds 20% of the transaction price.</p> <p>b. The difference between the appraised prices of two or more professional appraisers equals to or exceeds 10 % of the transaction price.</p> <p>(4). Where a professional appraisal is conducted prior to the contract date, the appraisal report should have been issued within 3 months of the contract date. However, if the object's publicly announced value is still the same and the appraisal report, and the report was issued no longer than 6 months, then the original professional appraiser may provide opinions.</p> <p>(5). Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report or CPA opinions.</p>	
<p>Article 10: Paragraphs 1、2 and 3 are unchanged.</p> <p>4. Professional opinions (1). Where the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, opinions regarding the transaction price from CPA</p>	<p>Article 10: Paragraphs 1、2 and 3 are unchanged.</p> <p>4. Professional opinions (1). Where the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, opinions regarding the transaction price from CPA</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby amended the Paragraph 4-2 of Article 10.</p>

<p>shall be obtained prior to the date of occurrence.</p> <p>Where the transaction price is available in the open market or otherwise regulated by the Financial Supervisory Commission (“SFC”) under the Executive Yuan, the limitation shall not apply.</p> <p>(2). Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report for CPA’s opinions.</p>	<p>shall be obtained prior to the date of occurrence. <u>Where CPA’s opinion is based on the professional opinions, it shall be prepared in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> Where the transaction price is available in the open market or otherwise regulated by the Financial Supervisory Commission (“SFC”) under the Executive Yuan, the limitation shall not apply.</p> <p>(2). Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report for CPA’s opinions.</p>	
<p>Article 11: Paragraphs 1 is unchanged.</p> <p>2. Evaluation and operating procedures When acquiring or disposing real estate or right-of-use assets with a related party regardless of its transaction price, or acquiring or disposing assets or right-of-use assets other than real estate with a related party for the transaction price over 20% of the Company’s paid-in capital, 10% of the Company’s total assets, NT\$300 million or more, except in trading of domestic government bonds or bonds with call or put options,</p>	<p>Article 11: Paragraphs 1 is unchanged.</p> <p>2. Evaluation and operating procedures When acquiring or disposing real estate or right-of-use assets with a related party regardless of its transaction price, or acquiring or disposing assets or right-of-use assets other than real estate with a related party for the transaction price over 20% of the Company’s paid-in capital, 10% of the Company’s total assets, NT\$300 million or more, except in trading of domestic government bonds or bonds with call or put options,</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby added content in the Paragraph 2 of Article 11.</p>



<p>or subscription or redemption of domestic money market funds issued by securities investment trust companies, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from Board of Directors.</p> <p>With respect to acquisition or disposal of equipment 、right-of-use assets or real estate right-of-use assets thereof held for business use., when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company’s board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>(1). The purpose, the necessity and the anticipated benefit of acquisition or disposal of the real estate.</p> <p>(2). The reason for choosing the related party as a trading</p>	<p>or subscription or redemption of domestic money market funds issued by securities investment trust companies, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from Board of Directors.</p> <p>With respect to acquisition or disposal of equipment 、right-of-use assets or real estate right-of-use assets thereof held for business use., when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company’s board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>(1). The purpose, the necessity and the anticipated benefit of acquisition or disposal of the real estate.</p> <p>(2). The reason for choosing the related party as a trading</p>	
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<p>counterparty.</p> <p>(3). With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding the appraisal of reasonableness of the preliminary transaction terms in accordance with subparagraph 1 and 4 of paragraph 3, Article 11.</p> <p>(4). The date and the price at which the related party originally acquired the real estate, the original trading counterparty, and that trading 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>(6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7). Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>If the Company or its subsidiaries have such a transaction in the amount reaching 10% or more of the</u></p>	<p>counterparty.</p> <p>(3). With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding the appraisal of reasonableness of the preliminary transaction terms in accordance with subparagraph 1 and 4 of paragraph 3, Article 11.</p> <p>(4). The date and the price at which the related party originally acquired the real estate, the original trading counterparty, and that trading 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>(6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7). Restrictive covenants and other important stipulations associated with the transaction.</p>	
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<p><u>Company's total assets, the Company shall submit the information listed in each subparagraph of this Paragraph to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, transactions between the Company and its subsidiaries or those between its subsidiaries are not subject to the foregoing limitation.</u></p> <p>Omitted from this point onwards.</p>	<p>Omitted from this point onwards.</p>	
<p>Article 12: Paragraphs 1、2 and 3 are unchanged.</p> <p>4. Appraisal report of intangible assets or right-of-use assets thereof or memberships</p> <p>(1). The transaction price of acquiring or disposal of memberships reaches 1% of the Company's paid-in capital or above NT\$3 million.</p> <p>(2). The transaction price of acquiring or disposal of intangible assets or right-of-use assets thereof reaches 20% of the Company's paid-in capital or above NT\$100 million.</p> <p>(3). Where the transaction price of acquiring or disposing or right-of-use assets thereof or memberships reaches 20% of the Company's paid-in capital or exceeds NT\$300 million,</p>	<p>Article 12: Paragraphs 1、2 and 3 are unchanged.</p> <p>4. Appraisal report of intangible assets or right-of-use assets thereof or memberships</p> <p>(1). The transaction price of acquiring or disposal of memberships reaches 1% of the Company's paid-in capital or above NT\$3 million.</p> <p>(2). The transaction price of acquiring or disposal of intangible assets or right-of-use assets thereof reaches 20% of the Company's paid-in capital or above NT\$100 million.</p> <p>(3). Where the transaction price of acquiring or disposing or right-of-use assets thereof or memberships reaches 20% of the Company's paid-in capital or exceeds NT\$300 million,</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby amended the Paragraph 4-3 of Article 12.</p>

<p>except trading with the domestic Government organizations, CPA’s opinion shall be obtained prior to the date of occurrence.</p>	<p>except trading with the domestic Government organizations, CPA’s opinion, <u>in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDF</u>, shall be obtained prior to the date of occurrence.</p>	
<p>Article 12-1: The calculation of the transaction price referred to in the preceding four articles shall be done in accordance with the paragraph 1, Article 16, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. <u>Unrelated parties has obtained the items for which an appraisal report from a professional appraiser or a CPA’s opinion or related Party transactions apply the article are submitted to the shareholder meeting and approved by the Board of Director</u> need not be counted toward the transaction amount.</p>	<p>Article 12-1: The calculation of the transaction price referred to in the preceding four articles shall be done in accordance with the paragraph 1, Article 16, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby amended the Article 12-1.</p>
<p>Article 14: Before the Paragraphs 1-4-3 is unchanged.</p> <p>d. Total transaction amount, and the maximum limit of loss</p> <ul style="list-style-type: none"> <li>● The Contract Amount</li> <li>▪ Transaction amount for hedging purpose</li> </ul>	<p>Article 14: Before the Paragraphs 1-4-3 is unchanged.</p> <p>d. Total transaction amount, and the maximum limit of loss</p> <ul style="list-style-type: none"> <li>● The Contract Amount</li> <li>▪ Transaction amount for hedging purpose</li> </ul>	<p>Revised the department name.</p>

<p>When estimating transaction amount, asset and liability that currently hold and expect to hold shall be taken into consideration. The Finance Department shall be in control of the currency based position to avoid any transaction risks. Net accumulative contract amount shall not exceed the internal currency based position arising from operation.</p> <ul style="list-style-type: none"> <li>▪ Transaction for specific purpose Based on the observation of the market, the Finance Department shall prepare responsive strategies and transaction proposals indicating the nature and limit of the transaction for review and approval from the Audit Committee and the Board of Directors.</li> </ul>	<p>When estimating transaction amount, asset and liability that currently hold and expect to hold shall be taken into consideration. The Finance Department shall be in control of the currency based position to avoid any transaction risks. Net accumulative contract amount shall not exceed the internal currency based position arising from operation.</p> <ul style="list-style-type: none"> <li>▪ Transaction for specific purpose Based on the observation of the market, the Finance and <u>accounting</u> Department shall prepare responsive strategies and transaction proposals indicating the nature and limit of the transaction for review and approval from the Audit Committee and the Board of Directors.</li> </ul>	
<p>Article 16: Procedures for public disclosure of information are as follows: 1. Disclosure items and standards (1). Acquisition or disposal of real estate or right-of-use assets with a related party regardless of its transaction price, or of assets other than real estate or right-of-use assets with a</p>	<p>Article 16: Procedures for public disclosure of information are as follows: 1. Disclosure items and standards (1). Acquisition or disposal of real estate or right-of-use assets with a related party regardless of its transaction price, or of assets other than real estate or right-of-use assets with a</p>	<p>To comply with the revised template of "Procedures for Acquisition or Disposal of Assets" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission, hereby amended the Paragraph 1-6-1 and 1-6-2 of Article 16</p>

<p>related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million. Trading of domestic government bonds, bonds with call or put options and subscription or redemption of domestic money market funds issued by securities investment trust companies are excluded herein.</p> <p>(2). Merger, spin-off, acquisition, or share transfer.</p> <p>(3). Losses from derivative transaction reaching the maximum limits of aggregated losses or losses on individual contracts set forth in The Procedures adopted by the Company.</p> <p>(4). Acquisition or disposal of equipment/machinery or right-of-use assets used for operation, the trading counterparty is not a related party, and the transaction amount is above and inclusive of NT\$500 million.</p> <p>(5). Land acquired under an arrangement for commissioned construction on self-owned or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale with non-related party, and the</p>	<p>related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million. Trading of domestic government bonds, bonds with call or put options and subscription or redemption of domestic money market funds issued by securities investment trust companies are excluded herein.</p> <p>(2). Merger, spin-off, acquisition, or share transfer.</p> <p>(3). Losses from derivative transaction reaching the maximum limits of aggregated losses or losses on individual contracts set forth in The Procedures adopted by the Company.</p> <p>(4). Acquisition or disposal of equipment/machinery or right-of-use assets used for operation, the trading counterparty is not a related party, and the transaction amount is above and inclusive of NT\$500 million.</p> <p>(5). Land acquired under an arrangement for commissioned construction on self-owned or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale with non-related party, and the</p>	
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<p>amount the company expects to invest in the transaction is above and inclusive of NT\$500 million.</p> <p>(6). Any transaction, other than those referred in the preceding five subparagraphs including disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:</p> <p>a. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>b. Where done by professional investors— securities trading on securities exchanges or OTC markets, <u>or subscription of foreign government bonds,</u> or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes,</u> or subscription by a securities firm of securities as</p>	<p>amount the company expects to invest in the transaction is above and inclusive of NT\$500 million.</p> <p>(6). Any transaction, other than those referred in the preceding five subparagraphs including disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:</p> <p>a. Trading of domestic government bonds.</p> <p>b. Where done by professional investors— securities trading on securities exchanges or OTC markets, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock</p>	
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<p>necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds with call or put options, or subscription or redemption of domestic money market funds issued by securities investment trust companies.</p> <p>Omitted from this point onwards.</p>	<p>company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds with call or put options, or subscription or redemption of domestic money market funds issued by securities investment trust companies.</p> <p>Omitted from this point onwards.</p>	
<p>Article 19: Any unspecified terms in The Procedures shall be subject to the relevant statutory rules and regulations.</p> <p>The above rules were established on November 15, 2011.</p> <p>The 1st amendment was made on April 29, 2014</p> <p>The 2nd amendment was made on June 16, 2015</p> <p>The 3rd amendment was made on June 14, 2017</p> <p>The 4th amendment was made on June 14, 2019</p> <p><u>The 5th amendment was made on May 24, 2022</u></p>	<p>Article 19: Any unspecified terms in The Procedures shall be subject to the relevant statutory rules and regulations.</p> <p>The above rules were established on November 15, 2011.</p> <p>The 1st amendment was made on April 29, 2014</p> <p>The 2nd amendment was made on June 16, 2015</p> <p>The 3rd amendment was made on June 14, 2017</p> <p>The 4th amendment was made on June 14, 2019</p>	<p>Added revision date.</p>