

# Pegavision Corporation

## 2022 Annual General Shareholders' Meeting

### Meeting Agenda (Translation)

May 24, 2022

Avenue: Pegavision's Guishan Fab (No.5, Shing Yeh St., Guishan Dist.,  
Taoyuan City 333, Taiwan (R.O.C.))

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---Disclaimer---

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2022 ANNUAL GENERAL SHAREHOLDERS MEETING OF PEGAVISION CORPORATION. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

# Pegavision Corp.

## 2022 Annual General Shareholders' Meeting Procedure

- I. Call Meeting to Order**
- II. Chairperson Remarks**
- III. Items to be reported**
- IV. Items to be approved**
- V. Items to be discussed and resolved by shareholders**
- VI. Other Questions and Special Motion**
- VII. Adjournment**

# **Pegavision Corp.**

## **2022 Annual General Shareholders' Meeting Agenda**

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

### **I. Call Meeting to Order**

### **II. Chairperson Remarks**

### **III. Items to be reported :**

1. The Company's 2021 operational and financial results (Business Report)
2. Audit Committee's Review Report on 2021 Financial Statements
3. The 2021 compensation of directors and employee bonus
4. The cash dividends distribution of 2021 earnings

### **IV. Items to be approved:**

1. Adoption of 2021 Business Report and Financial Statements (proposed by Board of Directors)
2. Adoption of 2021 Earnings Appropriation (proposed by Board of Directors)

### **V. Items to be discussed and resolved by shareholders:**

1. Amendment to the Company's Articles of Incorporation (proposed by Board of Directors)
2. Amendment to the Procedures for Acquisition or Disposal of Assets (proposed by Board of Directors)
3. Proposal of Release the Prohibition on Directors from Participation in Competitive Business (proposed by Board of Directors)

### **VI. Other Questions and Special Motion**

### **VII. Adjournment**

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

(I) Summary : The Company's 2021 operational and financial results (Business Report).  
Details: Please refer to Attachment 1 (pages 9 to 11) for the 2021 Business Report.

(II) Summary : Audit Committee's Review Report on the 2021 financial statements.  
Details: Please refer to Attachment 2 (page 12) for Audit Committee's Review Report.

(III) Summary : 2021 Employees' and Directors' Remuneration Proposal.  
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 9 to 11) for the 2021 business report, and Attachment 3 (pages 13 to 33) for standalone and consolidated financial statements.

Resolutions :

- (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 34) for the Company's 2021 earnings appropriation report.

Resolutions :

## **III. Items to be discussed and resolved by shareholders**

- (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 35 to 37)

#### Resolutions :

- (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 38 to 50)

Resolutions :

- (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 :

Title	Name	The concurrent positions of director candidates
Director	T.H. Tung	Chairman : FacialBeau International Corporation Independent Director : PChome online Inc.
Director	Peter Kuo	Director : FacialBeau International Corporation
Director	Rep. of Asuspover Investment Co., Ltd.: Jeffrey Wun	Independent Director : AVISION INC.



Independent Director	Shu-Yu Lee	Director : BASO PRECISION OPTICS LTD
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Resolutions :

#### **IV. Other Question and Special Motion**

#### **V. Adjournment**

# **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	(2,685,241)	(52)	(1,985,728)	(52)
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		2,481,864	48	1,778,773	46
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)	(7,873)	-	(3,223)	-
	Operating expenses total		(1,089,325)	(21)	(971,653)	(25)
6900	Operating income		1,392,539	27	807,120	21
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)	37,056	-	22,906	-
	Non-operating income and expense total		23,315	-	9,411	-
7900	Income from continuing operations before income tax		1,415,854	27	816,531	21
7950	Income tax	4,6(21)	(167,280)	(3)	(101,172)	(2)
8200	Net income		1,248,574	24	715,359	19
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		(8,224)	-	1,651	-
	Total other comprehensive income, net of tax		(8,224)	-	1,651	-
8500	Total comprehensive income		\$1,240,350	24	\$717,010	19
9750	Earnings per share - basic (in NT\$)	4,6(22)	\$17.84		\$10.22	
9850	Earnings per share - diluted (in NT\$)	4,6(22)	\$17.72		\$10.16	

(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)

	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	
Code		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	(1,958,997)	(757,000)
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	(350,000)	(175,000)
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(153,169)	(38,377)
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	952,903	589,701
A31180	Other receivables	(1,745)	(1,330)	E00200	Cash and cash equivalents at end of period	\$1,447,272	\$952,903
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	2,733,167	1,211,875				
A33100	Interest received	3,506	4,145				
A33300	Interest paid	(3,381)	(2,151)				
A33500	Income tax paid	(126,757)	(55,290)				
AAAA	Net cash provided by (used in) operating activities	2,606,535	1,158,579				

(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		3,262,570	38	2,890,778	45
	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		5,302,346	62	3,525,253	55
1xxx	Total Assets		\$8,564,916	100	\$6,416,031	100

(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		2,778,429	33	1,716,966	27
	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		278,060	3	103,350	1
2xxx	Total liabilities		3,056,489	36	1,820,316	28
	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		5,508,427	64	4,595,715	72
	Total liabilities and equity		\$8,564,916	100	\$6,416,031	100

(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
	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	\$700,000	\$1,804,928	\$171,179	\$9,795	\$1,917,956	\$(8,143)	\$4,595,715	\$-	\$4,595,715
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
	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	\$700,000	\$1,804,931	\$242,715	\$8,143	\$2,746,643	\$(16,367)	\$5,486,065	\$22,362	\$5,508,427

(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:</p> <p>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:</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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>

except trading with the domestic Government organizations, CPA's opinion shall be obtained prior to the date of occurrence.	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>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>	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>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>	Revised the department name.

<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:</p> <p>1. Disclosure items and standards</p> <p>(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:</p> <p>1. Disclosure items and standards</p> <p>(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:</p> <p>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:</p> <p>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>

## Appendix 1

# Pegavision Corporation

## Articles of Incorporation

### Chapter One General Provisions

Article 1: The Company is incorporated according to The Company Act, and has been named PEGAVISION CORPORATION.

Article 2: Business activities of the Company are as follows:

- |        |         |  |
|--------|---------|--|
| I.     | CF01011 | Medical Materials and Equipment Manufacturing    |
| II.    | F108031 | Wholesale of Drugs, Medical Goods                |
| III.   | F208031 | Retail Sale of Medical Equipments                |
| IV.    | CE01030 | Photographic and Optical Equipment Manufacturing |
| V.     | CE01010 | Precision Instruments Manufacturing              |
| VI.    | F113030 | Wholesale of Precision Instruments               |
| VII.   | F213040 | Retail Sale of Precision Instruments             |
| VIII.  | CC01040 | Lighting Facilities Manufacturing.               |
| IX.    | F113020 | Wholesale of Household Appliance                 |
| X.     | F213010 | Retail Sale of Household Appliance               |
| XI.    | F401010 | International Trade                              |
| XII.   | IG01010 | Biotechnology Services                           |
| XIII.  | C802041 | Drugs and Medicines Manufacturing                |
| XIV.   | F108021 | Wholesale of Drugs and Medicines                 |
| XV.    | F208021 | Retail Sale of Drugs and Medicines               |
| XVI.   | JZ99060 | Spectacles Shops                                 |
| XVII.  | F110020 | Wholesale of Spectacles                          |
| XVIII. | F210020 | Retail Sale of Spectacles                        |
| XIX.   | F206020 | Retail Sale of Articles for Daily Use            |
| XX.    | F106020 | Wholesale of Articles for Daily Use              |
| XXI.   | F208040 | Retail Sale of Cosmetics                         |
| XXII.  | F108040 | Wholesale of Cosmetics                           |
| XXIII. | F399990 | Retail sale of Others                            |

XXIV.	F203010	Retail sale of Food and Grocery
XXV.	F102170	Wholesale of Food and Grocery
XXVI.	I401010	General Advertising Services
XXVII.	F399010	Convenience Stores
XXVIII.	F301010	Department Stores
XXIX.	F301020	Supermarkets
XXX.	I301010	Software Design Services
XXXI.	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company is headquartered in Taoyuan City, and may establish domestic or foreign branches subject to board of directors' approval.

Article 4: Public announcements of the Company shall be duly made in accordance with Article 28 of The Company Act.

## Chapter Two Share Capital

Article 5: The Company has an authorized capital of Eight 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.

Article 5-1: Any transfer of shares to employees below the average buyback price or issuance of employee warrants with exercise price below the level stipulated in "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be resolved in a shareholder meeting with the presence of shareholders representing more than half of outstanding shares, and voted in favor by more than two-thirds of votes present in the meeting.

- Article 5-2: The Company may use a variety of compensation instruments including: treasury stocks purchased according to The Company Act and Securities and Exchange Act, employee warrants, new shares and issuance of restricted shares, which can be transferred to, granted to or subscribed by employees of controlling or controlled entities who satisfy certain criteria. The board of directors is authorized to set these criteria at its discretion.
- Article 6: The sum of investments in other business entities is not subject to the restrictions imposed under Article 13 of The Company Act (i.e. 40% of paid-up capital).
- Article 7: The Company issues owner-registered shares only. Every share certificate shall be issued with the signatures or seals of at least 3 directors. Shares of the Company may be issued in non-tangible form, subject to registration with the centralized securities depository.
- Article 8: No changes can be made to the shareholders registry within the 60 days prior to annual general meeting, or within 30 days prior to extraordinary shareholder meeting, or within 5 days before the baseline date for dividends or other gains distributed by the Company. The above periods shall date back from the date of meeting or from the baseline date.
- Article 9: Unless otherwise specified by law or securities regulation, all share administration-related affairs and matters concerning exercising of shareholders' rights shall proceed according to "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 10: Shareholders of the Company are required to complete a seal specimen card and provide a signature or seal pattern at the time of account opening. Seal specimen cards shall be retained by the Company's shareholder service department or stock transfer agent for future reference, and the same requirement applies to subsequent changes.

### Chapter Three Shareholder Meetings

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 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.

Article 12: Shareholder meetings that are convened by the board of directors are to be chaired by the Chairman. If the Chairman is on leave or unable to perform duty for any reason, a person of acting duty shall be appointed according to Article 208 of The Company Act. For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If two or more parties are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.

Article 13: If a shareholder is unable to attend shareholder meeting in person, a proxy can be appointed by presenting a properly signed/sealed proxy form printed in the Company's prescribed format, while specifying the scope of delegated authority.

Article 14: Shareholders are entitled to one voting right for every share held, except for shares that are subject to voting restrictions outlined in The Company Act.

Shareholders shall be given the option to exercise voting rights in writing or electronically during shareholder meetings, as the laws may require. Shareholders who opt to exercise voting rights using electronic method mentioned in the preceding Paragraph are considered to have participated shareholder meeting in person, but waived their rights to participate in any

special motion or any amendment to original motions that may arise during the shareholder meeting.

Article 15: Except otherwise regulated by The Company Act, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and that the motion is voted in favor by more than 50% of all voting rights represented at the meeting.

Article 16: If the Company is solely owned by a single corporate shareholder, the board of directors shall be authorized to exercise shareholders' authorities on behalf; in which case, rules pertaining to shareholder meeting stipulated in the Articles of Incorporation are no longer applicable.

#### Chapter Four Directors, Audit Committee and Managers

Article 17: The Company has 5 to 9 directors, who shall be elected by shareholders using the nomination system stipulated in The Company Act from capable candidates to serve a term of 3 years. Term of service can be extended if re-elected. The Company may purchase liability insurance policies to insure itself against liabilities of its directors over the course of service.

The director seats mentioned above may include independent directors, which shall be no fewer than 3 and account for no less than one-fifth of the board. Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, nomination and other compliance issues are governed by relevant laws of the securities authority.

Article 17-1: The Company shall comply with Article 14-4 of the Securities and Exchange Act by assembling an Audit Committee that consists entirely of independent directors.

Article 17-2: Functional committees of various purposes may be assembled under the board of directors. Each functional committee shall establish a separate foundation principle, and implement once approved by the board of directors.



Article 18: The board of directors shall consist entirely of directors, whose authority includes the following matters:

- I. Proposal of business plans.
- II. Proposal of earnings appropriation or loss reimbursement plans.
- III. Proposal of capital-raising and capital reduction plans.
- IV. Making of key policies and organizational rules within the Company.
- V. Appointment and dismissal of the Company's managers.
- VI. Branch establishment and removal.
- VII. Budgeting and year-end account closure.
- VIII. Any other authorities vested under The Company Act or shareholders' resolutions.

Article 19: The board of directors shall appoint one Chairman during a board meeting where more than two-thirds of directors are present with the support of more than half of all attending directors. A Vice Chairman may be appointed as needed. The Chairman serves as the Company's representative to the outside world.

Article 20: Unless otherwise specified in The Company Act, board of directors meetings are to be convened by the Chairman. Unless otherwise regulated by The Company Act, board resolutions are passed only if more than half of total board members are present in a meeting, and with more than half of attending directors voting in favor.

Article 21: The Chairman serves as the chairperson for board meetings. If the Chairman is unable to perform duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of The Company Act. Directors are expected to attend board meetings in person; directors who are unable to attend in person may appoint another director as proxy to attend on behalf. For board meetings that proceed by way of video conferencing, all directors who participate in the video conference are considered to have attended the meeting in person. Directors seeking proxy attendance from another director are required to issue a separate proxy letter for every board meeting, and specify the extent of

delegated authority for each motion. Each proxy attendant may only represent the presence of one absent director.

Article 22: Convention of board meeting can be notified to each director through writing, fax or e-mail according to Article 204 of The Company Act. Meetings may also be convened at any time in the case of emergency.

Article 23: Matters concerning Audit Committee, including composition, duties and authority, are governed by Securities and Exchange Act and related laws.

Article 24: The Company may compensate its directors for the services rendered based on directors' involvements and contributions to the Company's operations, in reference to local and foreign peer levels. Directors who concurrently assume duties within the Company are entitled to receive remuneration according to Article 27 of the Articles of Incorporation, and can be paid monthly salaries at managers' standard.

The Company may create managerial positions. Appointment, dismissal and remuneration of whom shall comply with Article 29 of The Company Act.

## Chapter Five Accounting

Article 25: The Company's accounting period starts from January 1 and ends December 31 each year. Account closure is performed at the end of each year.

Article 26: At the end of each financial year, the Company shall prepare the following reports according to Article 228 of The Company Act and present them for review by the Audit Committee and resolution by the board of directors before seeking acknowledgment in an annual general meeting.

I. Business report.

II. Financial statements.

III. Earnings appropriation or loss reimbursement proposals.

Article 27: When it is determined that the company has profit for a fiscal year, the company shall appropriate the employee's and directors remuneration according to following sequence; however, in the case that the company still has retained

losses, profits shall first be reserved to offset cumulative losses and then appropriate according to following sequence:

- I. Employee remuneration - No less than 10%, which can be paid in cash or in shares to employees of controlling or controlled entities who satisfy certain criteria. The board of directors is authorized to set this criteria at its discretion.
- II. Director remuneration - No more than 1%.

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 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.

Cash distribution of the above surplus 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.

Article 28: The distribution of the dividends of the company will coordinate with the surplus of that year based on the principal of stabilization. The Company operates in a rapidly changing industry and has therefore adopted a balanced dividend policy to cater for future capital requirements and long-term operations. As a result, the Company shall pay out no less than 10% of current year's distributable earnings as dividends under Article 27-1, with cash portion accounting for no less than 10% of total dividends.

Article 29: Dividends are distributed only to the shareholders listed on the shareholders registry five days before the cash/stock dividend baseline date.

## Chapter Six Additional Rules

Article 30: The Company's organizational rules and administrative principles shall be established separately by the board of directors.

Article 31: The Company may offer guarantees and endorsements to external parties as needed to facilitate business activities.

Article 32: Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and the relevant regulations.

Article 33: This Articles of Incorporation was approved unanimously by all founders on August 12, 2009.

The 1st amendment was made on April 29, 2014.

The 2nd amendment was made on June 16, 2015.

The 3rd amendment was made on June 14, 2016.

The 4th amendment was made on June 14, 2018.

The 5th amendment was made on June 14, 2019.

Pegavision Corporation

Chairman: Guo, Ming-Dong

## Appendix 2

### Pegavision Corporation

#### Rules and Procedures of Shareholders Meetings

Article 1: This policy has been established in accordance with Article 5 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to promote proper governance over the Company's shareholder meetings and to enforce supervisory and administrative functions of such meetings.

Article 2: Unless otherwise specified by law or Articles of Incorporation, shareholder meetings shall proceed according to the terms of this policy.

Article 3: Unless otherwise specified by law, shareholder meetings are to be convened by the board of directors.

The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed agenda of topics to be acknowledged or discussed during the meeting, and notes on the election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting. At least 21 days before an annual general meeting or 15 days before an extraordinary shareholder meeting, an electronic copy of the shareholder meeting handbook and supplementary information shall be prepared and posted onto MOPS. Hard copies of the shareholder meeting manual and supplementary information also have to be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents shall be made available at the Company's premises and at the share transfer agent, and distributed on-site at the shareholder meeting.

The meeting notice and announcement shall include a detailed agenda. Notice and announcements can be served in electronic form with the recipient's consent. Issues that involve election or dismissal of directors, amendments to the articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under paragraph 1, Article 185, of the "Company Act", Articles 26-1 and 43-6 of the "Securities and Exchange Act", or Articles 56-1 and 60-2 of "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be raised as regular motions with

summaries explained in the meeting agenda, and cannot be raised in the form of special motion. The notification can be served by posting relevant details onto the website designated by the securities authority or the Company and sharing a link to the webpage

If the shareholder meeting notice has already notified upfront of a full re-election of directors and independent directors with specific duty commencement date, then no further changes can be made to the duty commencement date, whether through special motion or otherwise, when re-election is completed during the meeting.

Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose motions for discussion in annual general meetings; each shareholder may only propose one motion; proposals above that limit will be excluded from discussion. According to the Article 172-1 of the "Company Act", a shareholder may submit to the Company a written proposal for urging the corporation to promote public interests or fulfill its social responsibilities. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. The board of directors may disregard shareholders' proposals if the proposed motions exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.

The Company shall announce, before the book closure date of annual general meeting, the conditions, places and time within which shareholders' proposals are accepted. The acceptance period shall not be less than ten days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy and participate in the discussion.

The Company shall notify each proposing shareholder the outcomes of their proposed motions before the date the meeting notice is sent. Meanwhile, motions that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholder meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from discussion.

Article 4: Shareholders may appoint proxies to attend shareholder meetings on their behalf by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms shall be received by the Company at least 5 days before the

shareholder meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend shareholder meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice shall be sent to the Company by no later than two days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, vote of the proxy attendant shall prevail.

Article 5: Shareholder meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not commence anytime earlier than 9AM or later than 3PM. Independent directors' opinions shall be fully taken into consideration when choosing the meeting venue and time.

Article 6: Shareholders and representatives thereof (collectively referred to as shareholders) shall attend shareholder meetings by presenting valid conference pass, attendance card or other document of similar nature. Proxy form acquirers are required to bring identity proof for verification.

An attendance log shall be prepared to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence. Shareholders who attend the meeting shall be given a copy of the meeting handbook, annual report, attendance card, speech note, motion ballot and any information relevant to the meeting. Prepare additional ballots if director election is also being held during the meeting.

Where the shareholder is a government agency or corporate entity, more than one representative may attend shareholder meetings on their behalf. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend shareholder meeting.

Article 7: Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is on leave or is unable to exercise duties for any reason, the Vice Chairman will act on behalf; if there is no Vice Chairman or if the Vice Chairman is also on leave or is unable to exercise duties for any reason, the Chairman may appoint one managing director to assume acting duty; if there is no managing director, one of the directors shall be appointed to perform acting duty; if no delegate is appointed by the Chairman, one shall be appointed among managing directors or directors.

Shareholder meetings that are convened by the board of directors should have more than have of the board attending.

For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If two or more parties are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings.

Article 8: The entire proceeding of shareholder meeting shall be recorded in video or audio. These recordings shall be retained for at least one year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents shall be retained until the end of the litigation.

Article 9: Shareholders' presence is determined by the number of shares represented in a meeting. The number of shares represented in a meeting is calculated based on attendance log records or the attendance cards collected, plus the number of shares that have voting rights exercised in writing or through electronic means. The chairperson should announce commencement of meeting as soon as it is due. However, if current attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The chairperson shall dismiss the meeting if attending shareholders still represent less than one-third of outstanding shares after two postponements. If attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholder meeting shall be held within the next month. If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

Article 10: For shareholder meetings that are convened by the board of directors, the board of directors will determine the meeting agenda. All proposed motions (including special motions and amendments to existing motions) shall be voted on a case-by-



case basis. The agenda cannot be changed unless resolved during the shareholder meeting.

The above rule also applies to shareholder meetings that are convened by any authorized party other than the board of directors.

In either of the two situations described above, the chairperson cannot dismiss the meeting while a motion (including special motion) is still in progress. If the chairperson violates conference rules by dismissing the meeting when not allowed to do so, other members of the board shall immediately assist attending shareholders in electing another chairperson that has the support of more than half of voting rights represented on-site to continue the meeting.

For any motions, amendments or special motions proposed during the meeting, the chairperson may announce to discontinue further discussions if the issue in question is considered to have been sufficiently discussed to proceed with voting, and shall allocate ample time to vote.

Article 11: Shareholders who wish to speak during the meeting shall produce a speech note detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments is determined by the chairperson. Shareholders who submit a speech note without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the speech note, the actual comments expressed shall be taken into record. Each shareholder shall speak for no more than two times, for 5 minutes each, on the same motion unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they violate any terms of the policy or speak outside the discussed topic.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak per motion.

After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.

Article 12: Votes in a shareholder meeting are vested based on the number of shares represented.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders cannot vote, or appoint proxies to vote, on any motions that present a conflict between their own interests and interests of the Company.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share transfer agencies approved by the authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.

The Company shall give shareholders the option to exercise voting rights in writing or using the electronic method during shareholder meetings. Instructions for exercising voting rights in writing or through electronic means shall be stated clearly on the meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate in any special motion or any amendment to the original discussion that may arise during the shareholder meeting. For this reason, the Company should avoid proposing special motions or amendments to the original motion where possible. Instructions to exercise written and electronic votes shall be delivered to the Company at least 2 days before the shareholder meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. However, this excludes situations where a proper declaration is issued to withdraw the previous arrangement.

Shareholders who wish to attend the shareholder meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If a shareholder exercises vote in writing or through electronic means and at the same time delegates a proxy to attend shareholder meeting, the voting decision exercised by the proxy shall prevail.

Unless otherwise regulated by The Company Act or stated in the Articles of Incorporation, a motion is passed when supported by shareholders representing more than half of total voting rights in the meeting. A motion is considered passed if the chairperson receives no objection from any attending shareholders. This voting method is deemed as effective as does the conventional ballot method.

In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which proposals are to be voted. However, if any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The chairperson shall appoint ballot examiners and ballot counters to support the voting process. The ballot examiner shall be a shareholder. Motion and election votes are to be counted openly at the shareholder meeting. Results of the vote shall be announced on-site and recorded in minutes.

Article 14: Shareholder meetings that involve election of directors shall proceed according to the Company's election policy. Results of the election shall be announced on-site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents shall be retained until the end of the litigation.

Article 15: Shareholder meeting resolutions shall be compiled into detailed minutes, signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form.

The Company may disseminate meeting minutes by announcing details over MOPS.

The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various votes (including weight). Minutes shall be retained for as long as the Company exists.

Article 16: During the shareholder meeting, the Company shall disclose information regarding the number of shares acquired by acquirers and the number of shares represented by proxies using the prescribed format. The Company shall disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange).

Article 17: Officers of the shareholder meeting shall wear proper identification or arm badge.

The chairperson may instruct security staff to help maintain order in the meeting. While maintaining order in the meeting, all security staff are required to wear arm badges that identify their role as "Security."

The chairperson may stop anyone who attempts to speak using instruments that are not provided by the Company.

The chairperson may instruct security staff to remove shareholders who continue to violate conference rules despite being warned.

Article 18: The chairperson may put the meeting in recess at appropriate times. In the event of force majeure, the chairperson may suspend the meeting temporarily and resume at another time.

If the shareholder meeting is unable to conclude all scheduled motions (including special motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of The Company Act.

Article 19: The above rules are subject to approval by the board of directors, and shall take effect immediately once approved during shareholder meeting; the same applies to all subsequent revisions.

Article 20: The above rules were established on April 29, 2014.

The 1st amendment was made on June 16, 2015

The 2nd amendment was made on May 27, 2020

The 3rd amendment was made on July 15, 2021

## Appendix 2

### Pegavision Corporation

#### Procedures for Acquisition or Disposal of Assets

Article 1: The purpose of the procedures is for Pegatron Corporation (“the Company”) to protect its assets and to comply with relevant laws, rules and regulations. Any acquisition or disposal of assets conducted by the Company shall comply with the regulations set forth.

Article 2: The procedures are set forth in accordance with provisions of Article 36-1 of the Securities and Exchange Act (“the Act”), “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and other applicable laws, rules and regulations.

Article 3: The term "assets" as used in the procedures includes the following:

1. Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
2. Real estate (including land, houses and buildings, property for investment purpose, and inventory of construction companies) and equipment;
3. Memberships;
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets;
5. Right-of-use assets;
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
7. Derivatives products;
8. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with acts of law;
9. Other major assets.

Article 4: Terms used in the procedures are defined as follows:

1. “Derivatives”: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward

contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. "Assets acquired or disposed through mergers, spin-off, acquisitions, or share transfer in accordance with acts of law": Refers to assets acquired or disposed through mergers, spin-off, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other Acts, or share transfer from another company through issuance of new shares of its own as the consideration therefore hereinafter "transfer of shares" under Article 156-3 of the Company Act.
3. "Related party" or "Subsidiary": As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Professional appraiser": Refers to a real estate appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
5. "Date of occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. "Investment in mainland China": Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Investment Professionals": Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. "Securities Exchange": "Domestic securities exchange" refers to the Taiwan

Stock Exchange Corporation; “foreign securities exchange” refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

9. “Latest financial statements”: Refers to the financial statements of the company audited or examined by certified public accountant (“CPA”) which has been published in accordance with applicable regulation before the subject acquisition or disposal of assets.

Article 5: Application and amendment of the Procedures are as follows:

The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders' Meeting. Any amendment is subject to the same procedures. When The Procedures is submitted for discussion by the Board of Directors, opinions of each independent director shall be taken into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Article 6: Limits of amounts for the Company and each subsidiary in acquisition of non-operating related real estate and securities investment:

1. The acquisition of real estate for non-operating purpose and Right-of-use assets shall not exceed 10% of its paid-in capital.
2. The total amount of securities investment shall not exceed 150% of its net worth.
3. The amount of investment in each respective security should not exceed 50% of its net worth.

Article 7: Professional appraisers and their officers, CPA, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more

professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collection, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
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 accurate, and they have complied with applicable laws and regulations.

Article 8: Where Board of Directors' approval is required for any acquisition or disposal of assets pursuant to the Procedures, opinions of each independent director shall be taken into full consideration and any objections raised by independent directors and its reasons shall be recorded in the minutes of the Board of Directors meeting.

When acquiring or disposing material assets and/or financial derivatives, approval from the Audit Committee members shall be obtained and submitted to the Board of Directors for a resolution.

Article 9: Procedures for acquisition or disposal of real estate, equipment, or right-of-use assets are as follows:

1. Evaluation and operating procedures
  - a. Acquisition or disposal of real estate, equipment or other fixed assets shall follow the Company's internal control procedures governing fixed assets, equipment.
  - b. Acquisition or disposal of right-of-use assets shall follow the Company's internal control procedures governing capital acquisition and repayment cycle
2. Terms and conditions of the transaction and level of authorization
  - a. The transaction price of acquisition or disposal of real estate and right-of-use assets shall reference the publicly announced value, appraised price, and actual transaction price in neighboring area to determine conditions and price. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 20% of the Company's paid-in capital or NT\$ 300 Million, a resolution of the Board of Directors shall be obtained.
  - b. The transaction price of acquisition or disposal of other fixed assets and



right-of-use assets shall be determined either by price quotation, price comparison, price negotiation or tender. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 20% of the Company's net worth, a resolution of the Board of Directors shall be obtained.

3. Execution

Where the Company acquires or disposes real estate, right-of-use assets or other fixed asset, appropriate approval shall be obtained in accordance with the level of authorization and responsible department shall execute accordingly.

4. Appraisal report of real estate, equipment or right-of-use assets

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 operating purposes.

- (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.
- (2). Where the transaction price equals to or exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- (3). Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, 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 the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - a. The difference between the appraised price and the actual transaction price equals to or exceeds 20% of the transaction price.
  - b. The difference between the appraised prices of two or more professional appraisers equals to or exceeds 10 % of the transaction price.
- (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.
- (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.

Article 10: Procedures for acquisition or disposal of securities investment are as follows::

1. Evaluation and operating procedures  
Acquisition or disposal of securities investment shall follow the Company's internal control procedures governing fixed assets.
2. Terms and conditions of the transaction and level of authorization
  - a. Where the securities are traded in the centralized exchanged markets, the trading price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 20% of the Company's paid-in capital or NT\$ 300 Million, a resolution of the Board of Directors shall be obtained.
  - b. Where the securities are traded in the non-centralized markets, the subject matter's most recent financial statements audited by CPA shall be obtained prior to the date of occurrence, and used as the reference of its transaction price in consideration of its net value per share, profitability and future potential. The transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 20% of the Company's paid-in capital or NT\$ 300 Million, a resolution of the Board of Directors shall be obtained. Financial instruments such as bonds with call and put options, security funds and currency based instruments are not restricted by preceding paragraph and shall be executed in accordance with the level of authorization.
3. Execution  
Where the Company acquires or disposes securities investment, appropriate approval shall be obtained in accordance with the level of authorization and responsible department shall execute accordingly.
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 shall be obtained prior to the date of occurrence. 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. 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.
  - (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.

Article 11: Procedures for related parties' transactions are as follows:

1. When acquiring or disposing assets from a related party, in addition to the procedures set forth in the preceding paragraphs, if the transaction price reaches 10% or more of the Company's total assets, an appraisal report from a professional appraiser or a CPA's opinion shall be obtained to ensure necessary resolutions are adopted and the reasonableness of the transaction terms is appraised. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
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, 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.

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.

- (1). The purpose, the necessity and the anticipated benefit of acquisition or disposal of the real estate.
  - (2). The reason for choosing the related party as a trading counterparty.
  - (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.
  - (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.
  - (5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
  - (6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
  - (7). Restrictive covenants and other important stipulations associated with the transaction.
3. Evaluation of the reasonableness of the transaction costs
- (1). When acquiring real estate or right-of-use assets from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:
    - a. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
    - b. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property

and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

- (2). Where land and structures thereupon are combined as a single property purchased or rented in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3). While the cost of the real estate or right-of-use assets acquired from a related party shall be appraised in accordance with the preceding two subparagraphs, CPA shall also be engaged to review the appraisal and render a specific opinion.
- (4). Where the real estate or right-of-use assets is acquired from a related party, it shall be appraised in accordance with the provisions of the subparagraph (1) and (2) of paragraph 3, Article 11, and if the appraised cost is lower than the actual transaction cost, the subparagraph (5) of the same paragraph shall apply. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:
  - a. Where the related party acquires undeveloped land or leased land for development and in compliance with one of the following conditions:
    - Where undeveloped land is appraised in accordance with the means in the preceding Article, and the actual transaction price is lower than the related party's construction cost plus reasonable construction profit. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - Where the recent transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, and the land area and the transaction terms are similar in consideration of the reasonable price discrepancies in floor or land prices in per property market practices.
  - b. Where the Company acquiring real estate or right-of-use assets from a related party and the terms of the transaction are similar to the terms of the recent transactions for acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Where the recent transactions for neighboring or closely valued parcels of land mentioned in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by

unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real estate or right-of-use assets.

- (5). Where the Company acquires real estate or right-of-use assets from a related party and the results of appraisals conducted in accordance with the provisions of the subparagraph (1) and (2) of paragraph 3, Article 11, are uniformly lower than the transaction price, the following steps shall be taken. If the Company and the Company uses the equity method to account for its investment in another company had set aside the a special reserve under the preceding paragraph, then special reserve may not be utilized until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
  - a. A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real estate or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
  - b. The Audit Committee shall comply with the provisions of Article 218 of the Company Act.
  - c. Actions taken pursuant to preceding subparagraphs shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6). Where the Company acquires real estate or right-of-use assets, the acquisition shall be conducted in accordance with the provisions of the paragraph 1 and 2, Article 11, and the provisions of the subparagraph (1) 、 (2) and (3) of paragraph 3, Article 11 do not apply:
  - a. The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
  - b. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets thereof to the signing date for the current transaction.
  - c. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or rented land.
  - d. The real estate right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares

or authorized capital.

- (7). Where the Company obtains real estate or right-of-use assets from a related party, it shall also comply with the provisions set forth in the subparagraph (5) of paragraph 3, Article 11, if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 12: Procedures for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships are as follows:

1. Evaluation and operating procedures
  - a. Acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall follow the Company's internal control procedures governing asset management.
  - b. Acquisition or disposal of right-of-use assets shall follow the Company's internal control procedures governing capital acquisition and repayment cycle
2. Terms and conditions of the transaction and level of authorization
  - a. The transaction price of acquisition or disposal of memberships shall refer to the market value, terms and conditions and transaction price and a report shall be prepared for submission to the chairman and the president. Where the transaction price exceeds 1% of the Company's paid-in capital or NT\$1 million, approval from the chairman shall be obtained and if the transaction price exceeds NT\$3 million, a resolution of the Board of Directors shall be obtained.
  - b. The transaction price of acquisition or disposal of intangible assets or right-of-use assets thereof shall refer to professional opinion or the market value, terms and conditions and transaction price and a report shall be prepared for submission to the chairman. Where the transaction price exceeds 10% of the Company's paid-in capital or under NT\$100 million, approval from the chairman shall be obtained and if the transaction price exceeds NT\$1 million, a resolution of the Board of Directors shall be obtained.
3. Execution

Where the Company acquires or disposes intangible assets or right-of-use assets thereof or memberships, appropriate approval shall be obtained in accordance with the level of authorization and responsible department shall execute accordingly.
4. Appraisal report of intangible assets or right-of-use assets thereof or memberships
  - (1). The transaction price of acquiring or disposal of memberships reaches 1% of the Company's paid-in capital or above NT\$3 million.
  - (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.
  - (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, except trading with the domestic Government organizations, CPA's opinion, in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the

ARDF, shall be obtained prior to the date of occurrence.

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.

Article 13: Procedures for acquisition or disposal of Claims of financial institutions.

In principle, the Company does not conduct any trading regarding acquisition or disposal of claims of financial institutions. Where the trading is intended in the future, relevant operating procedures shall be resolved by the Board of Directors.

Article 14: Procedures for acquisition or disposal of financial derivatives are as follows:

1. Trading principles and strategies

(1). Types of instrument

- a. Derivatives refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- b. Claims of financial institutions shall be conducted in accordance with The Procedures set forth.
- c. The Company shall only enter transactions for hedging purposes and any other specific purposes by obtaining prior approval from the Audit Committee and the Board of Directors.

(2). Strategies

Derivatives are mainly used for hedging purpose and the selection of instruments shall correlate or associate with the business operation. In order to reduce the overall currency exposures and hedging cost, the currency of the position held shall be the same as the one used for business activities, and the position of the currency (account receivable and payable in foreign currency) shall be balanced. The transaction of specific purpose shall be evaluated carefully and a resolution of the Board of Directors shall be obtained.

(3). Authorization and delegation

a. Finance and accounting departments

- Trading

- To establish financial derivative strategies for the Company.
- To evaluate holding of the positions every week, establish trading strategies based on the judgment of the market intelligence including ratio of hedging, setting expiry date on the portion being hedged, etc., referencing real time online quotation system and submit for approval.
- To execute the trading in accordance with the level of authorization.
- Shall material incident occur in the financial market and existing strategies is no longer applicable, new trading strategies shall be proposed and used as the basis for trading upon approval from the chairman and the president.

- Confirmation

Execute transaction confirmation according to level of approval and regulations.

- Settlement

Execute delivery tasks

- Account management

- To proceed monthly evaluation and submit the report to the chairman and the president for review.
- Accounting management

- Level of approval

- Level of approval required for each transaction of hedging purpose

Level of approval	Delegation of each day	Delegation of each accumulated net position
Chief Finance Officer	Up to USD\$0.5 million	Up to USD\$1.5 million
President	From USD\$0.5 million up to USD\$2 million (Included)	From USD\$1.5 million up to USD\$5 million (Included)
Chairman	Above USD\$2 million	From USD\$5 million up to USD\$10 million (Included)

- Transaction of other purposes shall only be preceded upon approval from the Board of Directors.

b. Internal Audit

Internal audit shall be aware of the adequacy of the derivative



transaction on a periodic basis and should issue monthly audit report based on the compliance of the derivative transaction. Shall there be any material violation; a written notice shall be sent to the Audit Committee.

c. Performance Evaluation

- Trading for hedging purpose

- The performance evaluation is based on the exchange rate costs on the company's books and the gains and losses arising from engaging in derivative financial transactions.
- In order to fully grasp and express the evaluation risk of the transaction, the company adopts the monthly evaluation method to evaluate the profit and loss.
- The Finance department shall provide evaluation of the foreign currency based position, the market trend and analysis of foreign currency to the president and chairman for their review.

- Trading for specific purpose

d. Total transaction amount, and the maximum limit of loss

- The Contract Amount

- Transaction amount for hedging purpose

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.

- Transaction for specific purpose

Based on the observation of the market, the Finance and accounting 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.

- Maximum Limit of Loss

- Loss per individual contract or the total aggregated loss amount of transactions based on hedging purpose shall not higher than US\$500,000 in aggregate per year.
- If it is a special purpose trading contract, after the position is established, a stop loss point should be set to prevent excess losses. The setting of the stop loss point shall not

exceed 10% of the contract amount as the upper limit. If the loss exceeds 10% of the contract amount, it shall be immediately reported to the president and chairman, and reported to the board of directors to discuss necessary countermeasures.

- The amount of individual contract losses shall not exceed US\$ 20,000 as the upper limit of losses.
- The maximum annual loss limit of the company's trading operations for specific purposes is US\$300,000.

## 2. Measures of risk management

### (1). Credit Risk Control

The following principles shall apply to avoid various market impact to execution of derivative transaction

- Counterparty: Well-known domestic and overseas financial institutions and the list of these financial institutions shall be approved by the chairman.
- Trading Instruments: Financial instruments offered by the above mentioned financial institutions.

### (2). Market Risk Control

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

### (3). Liquidity Risk Control

To ensure the stability of the company's working capital turnover, the Company's source of funds for derivatives trading is limited to own funds, and operating amount should consider the funding needs of future cash receipts and payments forecasts.

### (4). Cash-Flow Risk Control

To maintain stable turnover of the working capital, the Company shall take the expected cash flow during transaction period into considerations and ensure adequate level of working capital to meet the cash settlement requirement.

### (5). Operating Risk Control

- a. To comply with the authorized amount, procedures and internal audit processes.
- b. Different personnel shall be assigned for trading, confirmation and settlement.
- c. Personnel who are in charge of risk evaluation, monitoring and controlling shall not be in same department as those described in the preceding paragraph, and reporting shall be made to the Board of

Directors or the management who is not responsible for trading or determination of position.

(6). Financial Instrument Risk Control

Personnel who are in charge of the trading shall have sufficient knowledge and professional skills of the financial instrument and shall request the banks to fully disclose associated risks.

(7). Legal Risk Control

Any documents with financial institutions can only be signed after reviewing by the finance and legal departments or legal counsels.

3. Periodic evaluation system

(1). The board of directors shall authorize senior executives to regularly supervise and evaluate whether the derivatives trading is actually carried out in accordance with the trading procedures set by the Company, and whether the risks borne are within the allowable scope. When the market value assessment report are abnormal, the holding position has exceeded the loss limit, shall report to the board of directors immediately and take corresponding measures.

(2). The positions held by the derivatives exchange shall be evaluated minimum once a week, and the hedging transactions for business needs shall be evaluated minimum twice a month. Evaluation reports shall be submitted to the management authorized by the Board of Directors.

4. Auditing principle by the Board of Directors

(1). Board of Directors shall assign the management to constantly monitor and control the risks of derivative transaction with the following principles:

a. To conduct periodic review and check if the risk management measures are adequate and in compliance with the internal procedures.

b. To monitor the trading and its performance. When any abnormality is found, Board of Directors shall be informed and necessary actions shall be taken.

(2). To check if the performance meets the business strategy and to determine if the risks are within the corporate tolerance level periodically.

(3). Derivative transaction shall be conducted in accordance with the relevant procedures and reported to Board of Directors afterwards.

(4). To establish a reference book for derivative transaction with detailed information, including its type, amount, approval date from Board of Director and evaluation items listed in the paragraph 3 and 4 of Article

Article 15: Procedures for mergers, spin-off, acquisition and share transfer are as follows:

1. Evaluation and operating procedures

- a. CPA, attorney, and securities underwriter shall be engaged to schedule project timetable and a task force shall be formed to execute the project according to statutory rules and regulations. Prior to convening the Board of Directors to resolve on the matter, a CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.

Where the merger takes place between the Company and fully owned (directly or indirectly) subsidiary, or between two subsidiaries that are fully owned (directly or indirectly) by the Company, the aforementioned opinion on reasonableness is not required.

- b. The Company shall issue a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting. The report shall include the expert's opinion referred to in the preceding paragraph when sending shareholders meeting notification provided, where a provision of another Act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public announcement regarding their reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.

- c. A full written record of the following information shall be prepared and retained for five years for reference:

- a. Personnel information

Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off acquisition, or transfer of another company's shares prior to disclosure of the information.

b. Dates of material events

Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

c. Important documents and minutes

Including merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

2. Others

(1). Board of Director meeting date:

Companies participating in a merger, spin-off, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another Act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. Companies participating in a share transfer shall call a Board of Directors meeting on the day of the transaction, unless another Act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(2). Non-disclosure commitment:

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

(3). Pricing principles for transfer or acquisition of shares:

Companies participating in a share transfer shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meeting. Acquisition or share transfer may not arbitrarily alter the share exchange ratio or acquisition price, except that the conditions for change have been stipulated in the contract and disclosed to the public. Unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:

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

(4). Content of contract

In addition to Article 317-1 of the Company Law and Article 22 of the Enterprise Mergers and Acquisitions Law, the companies participating in the merger, spin-off, acquisition, or share transfer shall also record the followings:

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

After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another

company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (6). Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall sign an agreement with the counterparty whereby the latter is required to abide by the provisions of preceding paragraphs.
- (7). Upon the resolution by the Board of Directors, material information shall be disclosed via internet-based information system to the FSC for recordation within two days of the Board of Director resolution.

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 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.
- (2). Merger, spin-off, acquisition, or share transfer.
- (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.
- (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.
- (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 amount the company expects to invest in the transaction is above and inclusive of NT\$500 million.
- (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:

- a. Trading of domestic government bonds.
  - b. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, 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 or redemption of exchange traded notes, 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 company, in accordance with the rules of the Taipei Exchange.
  - c. Trading of bonds with call or put options, or subscription or redemption of domestic money market funds issued by securities investment trust companies.
2. The amount of transactions mentioned above shall be calculated as follows. “Within the preceding year” as used in the following subparagraphs refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount:
- (1). The amount of any individual transaction.
  - (2). The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
  - (3). The cumulative transaction amount of real estate or right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - (4). The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. Timeline and standards for public disclosure of information  
Should acquisition or disposal of assets meet the standards for public disclosure of information, the Company needs to file and make public announcement within two days from the date of the event.
4. Disclosure procedures
- (1). The Company shall disclose information into the reporting website designated by the FSC in accordance with the statutory regulations.



- (2). The Company and on behalf of its non-public subsidiaries shall compile monthly reports on the status of derivatives trading up to the end of the preceding month and enter the information in the prescribed format into the reporting website designated by the FSC by the tenth day of each month.
- (3). Where an error or omission occurs at the time of public announcement, it is required to correct the error, and all the items shall be publicly announced again within two days upon acknowledgement.
- (4). The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, reference books, appraisal reports and CPA, attorney, and securities underwriter's opinions at the Company headquarters, where they shall be retained for five years except where another Act provides otherwise.
- (5). Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the following paragraph, a public report of relevant information shall be made on the reporting website designated by the FSC within two days from the date of occurrence:
  - a. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - b. The merger, spin-off, acquisition, or share transfer is not completed by the scheduled date set forth in the contract.
  - c. Change of the publicly disclosed information.

Article 16-1: For the calculation of 10% of the total assets under the Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by the Securities Issuers shall be used.

Article 17: The subsidiaries of the Company shall comply with the followings:

1. Unless subsidiaries are publicly listed in the domestic market shall be in accordance with its own procedures for acquiring or disposing of assets.  
Subsidiaries which are not publicly listed in the domestic market shall comply with the provisions set forth in The Procedures.
2. The Company shall disclose information on behalf of subsidiaries that are not publicly listed in the domestic market.
3. For information disclosure purpose, regarding "transaction amounts relative to 20 percent of paid-in capital" or "transaction amounts relative to 20 percent of total asset" refers to these of the Company.

Article 18: Penalties are as follows:

Where the employees of the Company violate the provisions set forth, appropriate penalties shall be carried out in accordance with the relevant human resource management procedures and employees handbook of the Company.

Article 19: Any unspecified terms in The Procedures shall be subject to the relevant statutory rules and regulations.

The above rules were established on November 15, 2011.

The 1st amendment was made on April 29, 2014

The 2nd amendment was made on June 16, 2015

The 3rd amendment was made on June 14, 2017

The 4th amendment was made on June 14, 2019

## Appendix V

### Directors' Shareholdings

- I. The Company has paid-up capital of NT\$700,000,000, issued in 70,000,000 shares.
- II. According to Article 26 of Securities and Exchange Act, the entire board of directors is required to maintain a minimum holding position of 5,600,000 shares.
- III. Directors' individual and aggregate shareholding as at the book closure date prior to this annual general meeting are shown as follows:

Date: March 26, 2022

Title	Name	Shareholding when elected		Shareholding position as at the book closure date	
		No. of shares	Percentage	No. of shares	Percentage
Chairman	Ming-Tung Kuo	1,928,868	2.76%	1,928,868	2.76%
Director	Tzu-Hsien Tung	645,729	0.92%	645,729	0.92%
Director	Kinsus Investment Co., Ltd. Representative: Te-Sheng Yang	21,233,736	30.33%	21,233,736	30.33%
Director	Kinsus Investment Co., Ltd. Representative: Ho-Hsu Chen	21,233,736	30.33%	21,233,736	30.33%
Director	Asuspover Investment Co., Ltd. Representative: Mu-Jung Wun	5,480,121	7.83%	5,480,121	7.83%
Director	Asuspover Investment Co., Ltd. Representative: Wen-Yung Ho	5,480,121	7.83%	5,480,121	7.83%
Independent director	Jen-Lu Yao	-	-	-	-
Independent director	Shu-Yu Lee	-	-	-	-
Independent director	Chi-Wan Lai	-	-	-	-
Total directors' shareholding		29,288,454	41.84%	29,288,454	41.84%

## **Appendix VI**

Update on shareholders' proposals for the current annual general meeting:

1. According to Article 172-1 of The Company Act: "Shareholders that own more than 1% of the company's outstanding shares are entitled to propose, in writing, motions for discussion in annual general meetings."
2. Each shareholder may only propose one motion; proposals above that limit are excluded from discussion. Proposals shall be limited to 300 words only; proposals that exceed 300 words will not be accepted for discussion.
3. The Company had been accepting shareholders' proposals for this year's annual general meeting from March 18 to March 28, 2022, with relevant announcements made on MOPS.
4. No proposal were received from shareholders during that period.