

Stock Code : 9938



TAIWAN PAIHO LIMITED

2022 Annual General Shareholders' Meeting Meeting Agenda

(Translation)

Meeting Type : Physical Shareholders' Meeting

Meeting Time : 9:00 a.m., June 24, 2022

**Meeting Venue : Location of the Company (No.575, Ho Kang Rd.,
Hemei Township, Changhua County 508, Taiwan.)**

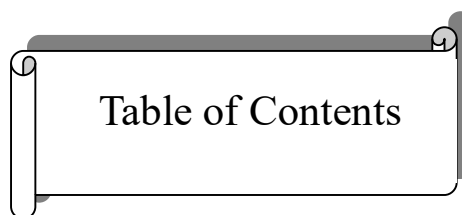


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TAIWAN PAIHO LIMITED

Procedure for the 2022 Annual General Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairperson' Opening Remarks
- III. Report Items
- IV. Ratification Items
- V. Proposed Resolutions
- VI. Extemporaneous Motions
- VII. Meeting Adjourned

TAIWAN PAIHO LIMITED

Agenda of 2022 Annual General Shareholders' Meeting

Meeting Time : 9 a.m., June 24, 2022(Friday)

Meeting Venue : Location of the Company (No.575, Ho Kang Rd., Hemei Township,
Changhua County 508, Taiwan.)

Meeting Type : Physical Shareholders' Meeting

I. Call the Meeting to Order

II. Chairperson's Opening Remarks

III. Report Items

1. 2021 Business Report (page 3)
2. Audit Committee's review report of 2021 (page3).
3. To report on 2021 employees' compensation and remuneration to directors (page 3).
4. To report the cash dividends of 2021 earnings distribution (page 3-4).
5. To report the endorsements/guarantees amount of the Company and its subsidiaries accounted for more than 50% of the net worth (page 4).
6. To Report the Establishment of the "Ethical Corporate Management Best Practice Principles" (page 4).
7. To Report the Establishment of the " Sustainable Development Best Practice Principles" (page 5).

IV. Ratification Items

1. Adoption of the 2021 Business Report and Financial Statements (page 5).
2. Adoption of the proposal for distribution of 2021 profits (page 6).

V. Proposed Resolutions

1. Amendments to "Articles of Incorporation" (page 7).
2. Amendments to "Procedures for the Acquisition or Disposal of Assets" (page 7).
3. Amendments to "Rules and Procedures for Shareholders' Meetings" (page 7).
4. Amendments to "Operational Procedures for Loaning of Company Funds" (page 8).
5. Amendments to "Regulation Governing Making of Endorsements/Guarantees" (page 8).

VI. Extemporaneous Motions

VII. Meeting Adjourned

Report Items

1. 2021 Business Report

Description : Please refer to Attachment 1 for 2021 Business Report (page 9-14).

2. Audit Committee's review report of 2021

Description : Please refer to Attachment 2 for Audit Committee's review report of 2021 (page 15).

3. To report on 2021 employees' compensation and remuneration to directors

Description : The Company's net profit before tax for the distribution of compensation to the employees and remuneration to the directors in 2021 was in the amount of NT\$2,625,997,339 dollars (the same currency used hereinafter). The Board of Directors resolved the distribution of compensation in cash to employees: \$36,220,336 (1.38%) and remuneration in cash to directors: \$23,347,250 (0.89%) as follows:

Unit : NT\$

Item	Persons Awarded	Amount of Payment per Board Resolution	Payment Method
Compensation to Employees	Employees	\$ 36,220,336	In Cash
Remuneration to Directors	Directors	23,347,250	In Cash
Total		\$ 59,567,586	

4. To report the cash dividends of 2021 earnings distribution

Description :

- (1) The Company's unappropriated retained earnings of previous years was in the amount of NTD 3,566,990,830, plus 2021 net profit after tax of NTD 2,059,783,673, minus NT\$49,634,985 from various adjustments to retained earnings, and after Legal reserves of NTD 201,014,869, and a special reserve of NTD 164,901,165, the distributable retained earnings of current period was in the amount of NTD 5,211,223,484.

- (2) Please refer to Ratification Items 2 for Table of 2021 Earnings Distribution. (page 6)
- (3) In accordance with the Article 29-1 of the “Articles of Incorporation,” the Board of Directors is authorized and resolved the dividend to shareholders of 2021 earnings will distribute NTD 1,042,873,657 in cash, with NTD 3.5 per share.
- (4) If changes in the capital (buyback of shares or transfer, conversion and cancellation of treasury stock) that influence the numbers of shares outstanding and effect changes in the shareholders’ allotment ratio, it is proposed to authorize the Chairman to adjust related matters.
- (5) On the 13th session of the 13th Board of Directors on Mar 25, 2022, the cash dividend distribution was approved and proposed, and authorized the Chairman to set the record date and payable date for distribution dividends. The cash dividend is calculated according to the common stock shareholders listed in the registry and their shareholding ratio on the record date. The dividend will be paid in cash with calculation rounded down to the nearest on NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into other revenue of the Company.

5. To report the endorsements/guarantees amount of the Company and its subsidiaries accounted for more than 50% of the net worth

Description: The endorsements/guarantees of the Company and its subsidiaries are all affiliated company with more than 50% shareholdings held by the Company and its subsidiaries, and it is mainly for the business needs of the affiliated companies in applying for a loan from the bank and issuing a letter of credit. The total amount of endorsements/guarantees made by the Company and its subsidiaries as of the end of 2021 was in amount of NT\$8,876,976 thousand, accounting for 82.5% of the Company’s net worth on December 31, 2021. Please refer to Attachment 3 (page 16)

6. To Report the Establishment of the “Ethical Corporate Management Best Practice Principles.”

Description: The Company established the “Ethical Corporate Management Best Practice Principles” on November 9, 2021 and March 25, 2022 approved by the 11th and 13th sessions of the 13th Board of Directors. Please refer to Attachment 4 (page 17 - 24).

7. To Report the Establishment of the “Sustainable Development Best Practice Principles.”

Description: The Company established the “Sustainable Development Best Practice Principles” on November 9, 2021 and March 25, 2022 approved by the 11th and 13th sessions of the 13th Board of Directors. Please refer to Attachment 5 (page 25 - 34).

Ratification Items

1. Adoption of the 2021 Business Report and Financial Statements (Proposed by the Board of Directors).

Explanation :

- (1) The Company’s 2021 Unsolidated Financial Statements and Consolidated Financial Statements have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touch, who have issued unmodified opinion.
- (2) Pursuant to Article 228 of the “Company Act,” the Company compiled with the following reports:
 - ① Business Report, please refer to Attachment 1 (page 9-14).
 - ② Unsolidated Financial Statement, please refers to Attachment 6 (page 35-45).
 - ③ Consolidated Financial Statement, please refer to Attachment 7 (page 46-56).
- (3) The attached reported and Financial Statements have been reviewed by the audit committee and hereby submitted for adoption.

Resolution :

2. Adoption of the Proposal for Distribution of 2021 Profits (Proposed by the Board of Directors).

Explanation :

(1) 2021 Profits distribution proposal is as follows:

TAIWAN PAIHO LIMITED
Table of 2021 Earnings Distribution

Unit : NT\$

Unappropriated retained earnings of previous years.		\$ 3,566,990,830
2021 net profit after tax.	\$ 2,059,783,673	
Changes in ownership interests in subsidiaries	(63,527,006)	
Adjustment arising from investments accounted for using equity method.	5,620,967	
Remeasurement of 2021 defined benefit plans recognized in retained earnings.	8,271,054	
Net Profit after tax plus the adjustments of various types of retained earnings in current period.		2,010,148,688
Legal reserves (10%).		(201,014,869)
Rotary Special reserves.		(164,901,165)
Distributable retained earnings of current period		5,211,223,484
Distribution items:		
Dividend to common shareholders. (Cash dividend of NT\$3.5 per share; total NT\$1,042,873,657)		(1,042,873,657)
Unappropriated retained earnings at the end of period.		\$ 4,168,349,827

Chairman: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

(2) A 5% tax rate is applied to undistributed earnings under Article 66-9 of the "Income Tax Law." In accordance to the Ministry of Finance announcement letter No.871941343 issued on April 30, 1998, the distributed earnings should be individually recognized, and priority given to the latest years' earnings.

Resolution :

Proposed Resolutions

1. Amendments to “Articles of Incorporation” (Proposed by the Board of Directors)

Explanation: It is proposed to amend partial articles of the “Articles of Incorporation” to comply with Letter 11000115851 of The Presidential Office of R.O.C. for amendments made to “Company Act” issued on December 29, 2021. The Comparison Table of Amendments to “Articles of Incorporation” is attached hereto as Attachment 8 (page 57).

Resolution:

2. Amendments to “ Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

Explanation: It is proposed to amend partial articles of the Company’s “Procedures for Acquisition or Disposal of Assets” to comply with Letter 1110380465 from Financial Supervisory Commission of R.O.C. for amendments made to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued on January 28, 2022. The Comparison Table of Amendments to “Procedures for Acquisition or Disposal of Assets” is attached hereto as Attachment 9 (page 58-64).

Resolution:

3. Amendments to “Rules and Procedures for Shareholders’ Meetings” (Proposed by the Board of Directors)

Explanation : It is proposed to amend partial articles of the Company’s “Rules and Procedures for Shareholders’ Meetings” to comply with Letter 1110004250 from Taiwan Stock Exchange Corporation of R.O.C. for amendments made to “Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders’ Meetings” issued on March 8, 2022. The Comparison Table of Amendments to “Rules and Procedures for Shareholders’ Meetings” is attached hereto as Attachment 10 (page 65-80).

Resolution :

4. Amendments to “Operational Procedures for Loaning of Company Funds ”
(Proposed by the Board of Directors)

Explanation : In order to meet operational needs, the Board proposed to amend partial articles of “Operational Procedures for Loaning of Company Funds.” The Comparison Table of Amendments to “Operational Procedures for Loaning of Company Funds” is attached hereto as Attachment 11. (page 81)

Resolution :

5. Amendments to “Regulation Governing Making of Endorsements/Guarantees”
(Proposed by the Board of Directors)

Explanation : In order to meet operational needs, the Board proposed to amend partial articles of “Regulation Governing Making of Endorsements/Guarantees.” The Comparison Table of Amendments to “Regulation Governing Making of Endorsements/Guarantees” is attached hereto as Attachment 12. (page 82)

Resolution :

Extemporary Motions

Meeting Adjourned

2021 Annual Business Report

1. Business Implementation Outcome

Unit: NT\$ thousands

Item	2021	2020	Difference Amount	Difference (%)
Net Sales	\$18,287,786	\$14,645,277	\$3,642,509	24.9
Gross Profit	6,928,521	5,375,925	1,552,596	28.9
Profit from Operations	3,977,812	2,809,032	1,168,780	41.6
Profit Before Income Tax	4,026,897	2,683,582	1,343,315	50.1
Net Profit	2,666,050	1,800,435	865,615	48.1
Net Profit Attributable to Owners of the Corporation	2,059,783	1,551,805	507,978	32.7
<p>Change and Difference Analysis:</p> <p>With gradual containment of the Covid-19 pandemic in 2021 and picking up recovery from individual economy, selling, in terms of volume and pricing, of our main and auxiliary materials hence benefited on the back of our complete network covering Taiwan, Mainland China, Vietnam and Indonesia. The net income, gross profit, profit before income tax, and net profit advanced further, compared those in 2020.</p>				

2. Budget Execution: For the year of 2021, the Company has not established a financial forecast.

3. Financial Revenue/Expenditure and Profitability Analysis

Item \ Year		2021	2020
Capital Structure	Debt Ratio (%)	52.9	60.8
	Long-term Funds to Property, Plant and Equipment Ratio (%)	168.1	158.6
Liquidity	Current Ratio (%)	165.0	140.8
	Quick Ratio (%)	92.9	94.1
Profitability	Return on Total Assets (%)	9.2	6.6
	Return on Equity Attributable to Owners of the Corporation (%)	20.4	14.9
	Net Profit Margin (%)	14.6	12.3
	Earnings Per Share (NT\$)	6.91	5.21

4. Research and Development

(1) Application of Jacquard Digital Woven Fabric

Through years of efforts on jacquard digital woven fabric, we have succeeded in integrating the color effects from wood-fired ceramics to promote Taiwan's design capacity. We combine our jacquard digital woven fabric which comes in artistic texture of natural cracking and miniature pores generated with TPU film to show a surface equivalent to a celadon touch. This material can replace the leather-touch required from several products, such as shoes and bags, and achieve environmental protection purpose jacquard digital woven fabric.

In addition, the jacquard digital woven fabric can be sanded to generate comfortable hand feel for high-end home-decor fabric lines.

(2) Planned Development of New Products

The annual planned development in 2022 for new products of the Company include: "Banana" Drawcord/Shoelace (made from natural material), Drawcord Upper, Woven Webbing, Color Molded Hook Cufflinks, Non-Woven Fabric (made from recycled waste yarn) and Recycled Yarn (generated from waste yarn).

5. 2022 Business Plan Overview

(1) Operational Strategy

- ① Since the Paris Summit and COP26, nations around the world have been pursuing the concepts of sustainability and environmental protection. Like many corporates looking for sustainable operation, relative topics including zero carbon emission, greenhouse gas control, circulating economy and green management, are becoming the important issues for the Company, which has been phasing in various measures to push down carbon emission.
- ② The development from pandemic breakout to coping and co-existing with Covid-19 has pushed casual shoes and sneakers to the mainstream since weighted promotions from all brands. The Company has, therefore, been actively involved in products highlighting their lightweight, breathable, comfortable and environmental features through internet selling channels as a major future direction.
- ③ We will keep accelerating our global deployment and resource integration to make available local services which are fast and integrated.
- ④ Local brands, including Anta Sports, Li-Ning, Xtep, 361, Peak and ERKE in China have been undergoing eye-witness expansion in terms of market share under a strong domestic consumption. To bond more closely with these brands, we have built a sound selling and service platform covering the region which starts from material recommendations to total-solution developments.
- ⑤ To enable one-stop production in a diverse market, other than a growing talent pool for patterned woven fabric and Knitted Jacquard Mesh, related technology advancements have never stopped. We focus on yarn that is environmental, lightweight, breathable and with special functionalities, as well as the process techniques.
- ⑥ We will continue the innovative development procedures to discover new application possibilities and to meet the one-stop service need from customers.

(2) Expected Sales Quantity and its Basis

The Company continues to diversify its production and product sales. The products processing is likewise diversifying. Therefore, the Company services many types of customers in the market. The breadth of the Company's operations has already exceeded those of the competitors for the relevant products; also, the Company has managed to earn the recognition of major brands. The interaction with the major sports brands in footwear industry and garments industry for years has already laid a good foundation for the Company's business operation. Especially, the Company has already enhanced the product

items, production capacity, and production skills in Vietnam and Indonesia, which is almost in place. The visionary policy planning of the Company helped to vitalize the diversity of the overseas facilities in production capacity and the equipment and skills for finishing in order to secure the very opportunity for working in cooperation with famous international brands in the development of new products. As a result, the operation of shoes and garments is in stable growth on solid ground. We continued to receive fruitful results from our efforts on other products and applications. Through our proactive preparation, we were able to coordinate closely with our vendors to deliver timely shipments for our brand customers and further strengthen the business relationship during the pandemic. Following by broad vaccine administration and gradual recovery from world economy, we expect continuous growth from all of our product lines.

(3) Important Production and Marketing Policies

- ① Like many major international brands, sustainability policies, including earth protection, resource recycle and reuse, and emission reduction, are our ongoing pursuits. Therefore, we have applied innovative materials in our product catalogs and production, including scrapped yarn recycled from PET bottles, samples made from reusable ocean waste and direct printing (to cut back dyeing), carried out various energy measures and greenhouse gas inventory, and applied for ISO 50001 certification for our energy management system.
- ② Making the digital catalogue perfect to sketch out the 3D sample/sampling system to maintain the development and interaction of audiovisual materials for the brand, and provide customers an online platform for selection and simulated design. Establishing different marketing modes and continuing to strengthen the interaction with brand customers to optimize the opportunity for development with brand customers and other customers through concerted effort.
- ③ We will diversify our market presence, explore the back-end process field to add values to our products, and build a project-base sales force to expand the business.
- ④ To cope with labor shortage under rising wages, we will use our processing technology with automated production procedures to transform from a material seller to an all-round finished goods producer and retailer to allow more product choices and extra labor and material saving for our customers.

- ⑤ We are under the process to integrate group-wide resource and material cost information, which will enable a flexible and faster delivery schedule under the ever-changing market condition, and better market position.

(4) The Company's Future Development Strategy

- ① Using our experience and foundation on hand, we will continue to engage with major brand customers for co-development and co-innovation to safeguard the ongoing business, as well as exploring new applications for new growth.
- ② We will develop green or regenerated materials for co-development projects, in order to follow our brand customers' pursuits on environmental protection, energy-saving and ESG goals. In addition, we will ask our chemical vendors to carry out necessary measures to comply with ZDHC certification for brand customers, in terms of resource saving and cleaning, greenhouse gas reduction, and corporate social responsibility.
- ③ We will continue to furnish and expand our global production facilities for an improved ability to produce to cater to the demands from the local shoe and garment industry cluster with shortened delivery, adjacent service and better customer satisfaction.
- ④ Our project-oriented sales teams, covering 3C, automobiles, aerospace accessories, military supplies, boutique suitcase and bags, etc., will conduct marketing activities based on the nature of the project. For new products, specialized strategies with sales targets will be created.
- ⑤ To tackle the ever-changing competition and a diverse customer base and remain as a best strategic partner for our customers, our efforts on R&D, production technology and back-end process facilities will never stop.

(5) Affected by the External Competitive Environment, Regulatory Environment, and Overall Business Environment

Not like our competitors who mostly concentrate on single products, we are more than a supplier in the main and auxiliary material sectors. Through years of experience and technology, we are able to provide better services and know-how to our customers. Moreover, our proven back-end procedures are capable of providing product designs and total solution to our customers. All these allow us to possess advantageous strengths and a foundation for a sustainable and long-lasting operation.

The Company values environmental protection and human rights. Each product is manufactured in accordance with RSL and EU REACH and ROHS regulations; also, meets the requirements of being non-toxic, harmless, chemical-free and heavy metal pollution-free

of various international brands. The Company has setup production and sales offices in Taiwan, Wuxi and Dongguan in China, Vietnam, and Indonesia. Also, a service office is setup in Portland, USA to make a direct contact with the headquarters of international brands. Are with service bases setup nearby to provide customers with the fastest and best service. The Company's business model is beyond the reach of the peers in this industry, which is an excellent advantage for the Company's sustainable development.

The Company will persist in the corporate philosophy of sustainability through "Quality Assurance for Innovative Development," "Post-Delivery Service to Customer Satisfaction," "Reasonable Pricing from Cost Reduction," and "Pursuit of Corporate Social Responsibility" in order to lay down a sound foundation and achieve distinguished competitive advantage.

Chairman:

Sen-Mei Cheng

General Manager:

Cheng-Wei Cheng

Accounting Officer:

Yao-Da Huang

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2021 Business Report, Financial Statements and proposals of earnings distribution. The independent auditors Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touche have audited the Financial Statements and issued audit report relating to the Financial Statements.

The Business Report, Financial Statements, and proposals of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of TAIWAN PAIHO LIMITED. Therefore, we hereby submit this report in accordance with Article 14 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review accordingly.

Sincerely,

2022 Annual General Shareholders' Meeting

TAIWAN PAIHO LIMITED

Jui-Lin Lo

Chairman of Audit Committee

March 25, 2022

As of the end of 2021, the detail of endorsements/guarantees undertaken by the Company and its subsidiaries is specified below:

Unit: In Thousands of New Taiwan Dollars or Foreign Currency

Endorser/Guarantor	Endorsee/Guaranteed Party Name	Endorsement/Guarantee Amount	Ratio of Accumulated Endorsement/Guarantee to of the Endorser and Guarantor Company's Net Worth on December 31, 2021
The Company	Paiho Int'L Limited	83,040 (USD 3,000)	0.77%
	Zhong Yuan Xing Ye Company Ltd.	27,680 (USD 1,000)	0.26%
	PT. Paiho Indonesia	1,882,240 (USD 68,000)	17.49%
The amount of endorsements/guarantees of the Company (A)		1,992,960 (USD 72,000)	18.52%
Paiho Shih Holdings Corporation	Hon Shin Corp.	2,851,040 (USD 103,000)	26.50%
	Vietnam Paihong Limited Company	4,032,976 (USD 145,700)	37.48%
The amount of endorsements/guarantees of the Paiho Shih Holdings Corporation (B)		6,884,016 (USD 248,700)	63.98%
The total amount of endorsements/guarantees of the Company and its subsidiaries (C)=(A)+(B)		8,876,976	82.50% (Note 3)

Note 1: The individual amount shall not exceed 100% of the net worth of the Company and Paiho Shih Holdings Corporation and the total amount shall not exceed total endorsements/guarantees limit.

Note 2: The total amount of the endorsements/guarantees shall not exceed 150% of the net worth of the Company and Paiho Shih Holdings Corporation.

Note 3: It was calculated on the basis of the ratio of the amount of endorsements/guarantees of the Company and its subsidiaries to the net worth as of December 31, 2021.

TAIWAN PAIHO LIMITED
Ethical Corporate Management Best Practice Principles

Established by Board of Directors on November 9, 2021

Adopted by Board of Directors on March 25, 2022

Article 1 (Purpose)

The “Ethical Corporate Management Best Practice Principles” (hereinafter referred to as “the Principles”) is promulgated to assist the Company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Article 2 (Unethical Conduct Prohibited)

When engaging in commercial activities, the Company’s directors, managers, employees, mandataries or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("Unethical Conduct") for purposes of acquiring or maintaining benefits.

The counterparties of the commercial activities stated in the preceding paragraph includes civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, Substantial Controllers or other interested stakeholders.

Article 3 (Benefits)

"Benefits" in the Principles means anything of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal Compliance)

The Company shall comply with the “Company Act,” “Securities and Exchange Act,” “Business Entity Accounting Act,” “Political Donations Act,” “Anti-Corruption Statute,” “Government Procurement Act,” “Act on Recusal of Public Servants Due to Conflicts of Interest,” relevant rules of Taiwan Stock Exchange and Taipei Exchange (“TWSE/TPEX”) or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Operational Philosophies and Policy)

The Company shall abide by the operational philosophies of honesty, transparency and

responsibility, adopt policies based on the principle of good faith and obtain approval from the board of directors and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Prevention Programs)

To bring about the operation philosophies and policies under Article 5, the Company has, under its “Best-Practice Principles for Ethical Management,” “Procedures for Ethical Management and Guidelines for Conduct,” clearly and thoroughly prescribed the specific ethical management practices and the programs to forestall unethical conduct (“Prevention Programs”), including operational procedures, guidelines, and training.

The Prevention programs above shall comply with relevant laws and regulations.

Article 7 (The Scope of Prevention Programs)

When establishing Prevention Programs, the Company shall assess which business activities within its business scope which is at a higher risk of being involved in unethical conduct, and review their adequacy and effectiveness on a regular basis.

The Prevention Programs established by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribery.
2. Unlawful political donations.
3. Improper charitable donations or sponsorships.
4. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Directly or indirectly damaging the rights or interests of consumers or other interested stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Undertakings and Executions)

The Company should request its directors and senior management to issue a statements of compliance with the ethical corporate management policy, and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify in its rules, external documents and on the Company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the preceding first and second paragraphs and retain said information properly.

Article 9 (Management of Commercial Activities in Good Faith)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, customers, or other trading counterparties and whether any of them are involved in Unethical Conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, customers, or other trading counterparties, the Company may include terms in such contracts requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 (Offer and Acceptance of Bribery Prohibited)

When conducting business, the Company and directors, managers, employees, mandataries, and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any forms of improper Benefits to or from customers, agents, contractors, suppliers, public servants, or other interested stakeholders but it is not prohibited when the domestic law of operation country is allowed. Programs that are legal in the countries where the operation is located shall be excluded.

Article 11 (Unlawful Political Donations Prohibited)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and directors, managers, employees, mandataries, and Substantial Controllers, shall comply with the “Political Donations Act” and the Company’s own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Unlawful Charitable Donations or Sponsorships Prohibited)

When making or offering donations and sponsorship, the Company and directors, managers, employees , mandataries, and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not covertly engage in bribery.

Article 13 (Unreasonable Gifts, Hospitality or Interests Prohibited)

The Company and directors, managers, employees, mandataries, and Substantial Controllers shall not directly or indirectly offer or accept any unreasonable gifts, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 14 (Infringement of Intellectual Property Rights Prohibited)

The Company and directors, managers, employees, mandataries, and Substantial Controllers shall comply with applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property; and the Company may

not use, disclose, dispose, or damage intellectual property or otherwise conduct activities that might infringe intellectual property rights without the prior consent of the owners of intellectual property rights.

Article 15 (Unfair Competitive Practices Prohibited)

Business activities conducted shall be in accordance with “Fair Trade Act” applicable competition laws and regulations.

Article 16 (Avoidance of Damages Caused to the Stakeholder)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and directors, managers, employees, mandataries, and Substantial Controllers shall comply with applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of consumers or other interested stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other interested stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to jeopardize the safety and health of consumers or other interested stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 (Organization and Responsibilities)

The Company's directors, managers, employees, mandataries, and Substantial Controllers shall exercise due diligence of a good manager, urge the Company to prevent Unethical Conduct, always review the results of the preventive measures and continually make improvements so as to ensure thorough implementation of the ethical corporate management policies.

To achieve sound ethical corporate management, the Company has established “Corporate Sustainable Development Committee” (the Committee, hereafter) directly under the Board of directors with adequate resources and competent personnel. The Committee is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. In addition, a corporate governance task force has set up to work together with the committee members and take charge of the following matters, and shall report to the board of directors on a regular (at least once a year) basis:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance in compliance with the requirements of laws and regulations to ensure the Company's ethical management.
2. Formulate programs to prevent unethical conduct, and set out in each program the standard operating procedures and conduct guidelines with respect to the operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the

business scope which are possibly at a higher risk for unethical conduct.

4. Promoting and coordinating trainings with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 (Compliance in the Course of Business)

The Company's directors, managers, employees, mandataries, and Substantial Controllers shall comply with laws and regulations, the Company's internal regulations and Prevention Programs when conducting business.

Article 19 (Avoidance of Conflicts of Interest)

The Company has established "Procedures for Ethical Management and Guidelines for Conduct," for preventing conflicts of interest in order to identify, monitor, and manage risks possibly resulting from Unethical Conduct, and offer appropriate means for directors, managers, and other interested stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When the Company's director, manager or any other interested stakeholders attending or present at a board of directors meeting, themselves or the legal entity they represents have an interest in the proposals for board discussion, such party shall state the important aspects of the interest at the meeting, and, where there is a likelihood that the interest of the Company would be prejudiced, such person shall not participate in the discussion or vote on that proposal, and shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managers, employees, mandataries, and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 20 (Accounting and Internal Controls)

The Company shall establish effective "accounting systems" and "internal control systems" for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall, based on the results of assessment on the risk of unethical conduct, devise relevant audit plans, and examine accordingly the compliance with the Prevention Programs. The internal audit unit may engage a certified public accountant to carry out the audit and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21 (Operational Procedures and Guidelines)

The Company has established “Procedures for Ethical Management and Guidelines for Conduct,” in accordance with Article 6, concretely prescribing the instructions for directors, managers, employees, mandataries and Substantial Controllers to conduct business. The “Procedures for Ethical Management and Guidelines for Conduct” contains the following matters:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, customers and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of such Principles.
8. Disciplinary measures on offenders.

Article 22 (Training and Assessment Programs)

The chairman, general manager, or senior management of the Company shall periodically convey the importance of corporate ethics to directors, employees, and mandataries.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and Substantial Controllers and invite the Company’s commercial transaction counterparties so they understand the Company’s resolve to implement ethical corporate management, the related policies, Prevention Programs and the consequences of committing Unethical Conduct.

The Company has integrated employee performance evaluation and human resource policy, coupled with the incentive and discipline system to better implement the policy for ethical operation.

Article 23 (Whistleblower System)

The Company has established a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.

2. Dedicate personnel or unit for the operation, Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. Any tip involving a director or senior management or the likelihood of material impairment to the Company shall be reported to the independent directors.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Identity confidentiality of the whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting. In the case when the reported matters involves a specific figure, the whistle-blower should provide contact information for verification purposes.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. The Company has set up an incentive measure to reward reporting on unethical or conduct. In the case when a whistle-blower makes a false report or malicious accusation, he or she shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24 (Disciplinary and Appeal System)

The Company should adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 (Information Disclosures)

The Company collect quantitative data about the promotion of ethical management and continuously assess the effectiveness of the promotion of ethical management policy. The Company should also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the Company's websites, in annual reports, and prospectuses, and shall disclose its "Ethical Corporate Management Best Practice Principles" on the Market Observation Post System.

Article 26 (Review of and Amendments to the Policies and Measures)

The Company at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 (Implementation)

The Principles have agreed by the Corporate Sustainable Development Committee, approved by the Board and reported in the shareholders' meeting for follow-up execution. Any revision to the Principles shall be agreed by the Corporate Sustainable Development Committee and sent to the Board for resolution.

When the Company submits "Ethical Corporate Management Best Practice Principles" to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

TAIWAN PAIHO LIMITED
Sustainable Development Best Practice Principles

Established by Board of Directors on November 9, 2021
Adopted by Board of Directors on March 25, 2022

Chapter I General Principles

Article 1

To bring about corporate social responsibilities, facilitate the developments of the economy, the environment, and the society to reach the goal of sustainable development, the Company's "Sustainable Development Best Practice Principles" (hereinafter referred to as the "Principles") is stipulated in accordance with "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" to manage the risks and impacts to the economy, the environment, and the society.

Article 2

The Principles encourages the Company to actively fulfill its sustainable development in the course of its business operations so as to follow the international development trend and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

Article 3

In fulfilling corporate sustainability, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Company should conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies.

Article 4

To implement sustainable development initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of sustainable development information.

Article 5

The Company shall take into consideration the correlation between the development of domestic and international corporate sustainability principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on interested stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate sustainability programs.

When a shareholder proposes a motion involving sustainable development, the Company's board of directors is advised to review and consider including it in the shareholders meeting proposal.

Chapter 2 Exercising Corporate Governance

Article 6

The Company is advised to follow the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” and the “Code of Ethical Conduct for TWSE/TPEX Listed Companies” to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The Board of Directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The Board of Directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its sustainable development initiatives:

1. Identifying the Company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;

2. Making sustainable development the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint the Corporate Sustainable Development Committee with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The committee's responsibility and operation procedures are established according to "Organization Rules for Sustainable Development Committee" and "Rules Governing Corporate Sustainable Operation"

Article 8:

The Company is advised to, on a regular basis, organize education and training on the implementation of corporate sustainability initiatives, including promotion of the matters prescribed in paragraph 2 under Article 7.

Article 9:

For the purpose of managing sustainable development, the Company has established Corporate Sustainable Development Committee as the dedicated unit to be in charge of proposing and enforcing the related policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a regular basis.

The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

The Company's employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

Article 10

The Company shall respect the rights and interests of any interested of stakeholders, identify the interested of stakeholders of the Company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of such parties through proper communication with them and adequately respond to the important sustainable development issues which such parties concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 11

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business activities operations and internal management.

Article 12

The Company is advised to endeavor to utilize resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13

The Company is advised to establish proper environment management systems based on the characteristics of its industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether they are still relevant on a regular basis.
3. Examining the purpose of the environmental sustainability goals or its achievement on a regular basis.

Article 14

The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for its managerial officers and other employees on a periodic basis.

Article 15

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:

1. Reduce resource and energy consumption of its products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall avoid polluting water, air and land in the course of its business operations. If there is necessary for business operation, the Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and do its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17

The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
3. Other indirect emissions: the emissions generated by Company activities are not indirect energy emissions, but come from emission sources owned or controlled by other companies.

The Company is advised to compile statistics on greenhouse gas emissions, water consumption and total weight of waste, and monitor the impact of climate change on its operations and should establish company strategies for energy conservation, and carbon and greenhouse gas reduction, and adopt policies to reduce water or manage other waste based upon its operations and the result of a greenhouse gas volume check. Such strategies should include obtaining carbon credits to promote and minimize the impact of its business operations on the natural environment.

Chapter 4 Preserving Public Welfare

Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 20

The Company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for its employees on a regular basis.

Article 21

The Company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.

The Company shall formulate and implement reasonable employee welfare measures (including salary, vacation and other welfare, etc.) and appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 22-1

The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc.

Article 23

The Company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services. We further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24

The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, its products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25

The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with relevant laws and regulations such as Personal Information Protection Act, for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the sustainable development initiative.

The Company is advised to formulate supplier management policies and request its suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health or labor rights. Furthermore, prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against sustainable development policy.

When the Company entered into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with sustainable development policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27

The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company may, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen

organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter 5 Enhancing Disclosure of Corporate Sustainable Development Information

Article 28

The Company shall disclose information according to relevant laws, regulations and the “Corporate Governance Best Practice Principles” and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the Board of Directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the sustainable development initiatives established by the Company, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

Article 29

The Company shall adopt internationally widely recognized standards or guidelines when producing sustainable reports, to disclose the status of its implementation of the sustainable development policy. The Company is also advised to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development.
2. Major stakeholders and their concerns.

3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 30

The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its established sustainable development framework and to obtain better results from the implementation of the sustainable development policy.

Article 31

The Principles have agreed by the Corporate Sustainable Development Committee, approved by the Board and reported in the shareholders' meeting for follow-up execution. Any revision to the Principles shall be agreed by the Corporate Sustainable Development Committee and sent to the Board for resolution.

Independent Auditor's Report

To: TAIWAN PAIHO LIMITED

Audit Opinion

We have audited the accompanying parent only financial statements of Taiwan Paiho Limited (the "Company"), which comprise the parent only balance sheets as of December 31, 2021 and 2020, and the parent only income statement, the parent statement of cash flows for the years then ended, and notes to the parent financial statements, (including a summary of significant accounting policies).

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter for the parent only financial statements for the year ended December 31, 2021 is stated as follows:

Recognition of sales revenue

The main business items of the Company include the manufacturing and sale of touch fasteners, webbing, shoelaces, elastic, easy tape, and relevant peripheral materials as well as the sale of residential buildings constructed by construction contractors. Among all, the revenue from the sale of webbing and touch fasteners significantly influence the operating revenue and profit of the Company. Therefore, we include the above-mentioned sales revenue as a key audit matter. Please refer to Note 4 to the Parent Only Financial Statements.

We have conducted procedures related to the matters included the following, among others:

1. We understood the design and implementation of internal controls and procedures for recognizing the sales revenue, and sampled and verified the appropriateness of the original orders approved.
2. We chose samples from the list of main products sales and checked their original orders, delivery orders, invoices, and the collection of payments, and inspected the recognition of the associated revenue and the collection of receivables.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Only Financial Statements.

Our objective is to obtain reasonable assurance about whether the parent only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing

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

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

1. Identify and assess the risk of material misstatement of the parent only financial statement whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent only financial statements, (including the disclosures), and whether the parent 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 only financial statements. We are responsible for the direction, supervision and performance of the Company's 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 responsibly be thought to bear on our independence (including related applicable safeguard).

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

Deloitte & Touche

Taiwan

Shu-Chin, Chiang CPA

Ting-Chien, Su CPA

March 25, 2022

Notice to Readers

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

TAIWAN PAIHO LIMITED

Balance Sheets

December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 231,187	2	\$ 194,958	1
1136	Financial assets measured at amortized cost – current (Notes 4 and 7)	167,942	1	325,356	2
1150	Notes receivable (Note 4)	111,464	1	149,781	1
1170	Trade receivable (Notes 4, 8 and 23)	655,127	4	623,217	5
1200	Other receivable (Note 23)	14,071	-	10,438	-
1310	Inventories (Notes 4 and 9)	552,676	4	383,211	3
1470	Other current assets (Note 13)	66,443	-	46,536	-
11XX	Total current assets	<u>1,798,910</u>	<u>12</u>	<u>1,733,497</u>	<u>12</u>
	Non-current assets				
1535	Financial assets measured at amortized cost – non-current (Notes 4, 7 and 24)	269,603	2	8,938	-
1550	Investments accounted for using the equity method (Notes 4 and 10)	9,810,665	67	9,462,208	68
1600	Property, plant and equipment (Notes 4, 11, 23 and 24)	2,513,091	17	2,519,292	18
1755	Right-of-use assets (Notes 4 and 12)	31,376	-	30,292	-
1780	Intangible assets	1,091	-	189	-
1840	Deferred tax assets (Notes 4 and 19)	204,415	1	166,309	1
1915	Prepayment for machinery and equipment	83,664	1	66,260	1
1990	Other non-current assets (Note 13)	20,566	-	20,053	-
15XX	Total non-current assets	<u>12,934,471</u>	<u>88</u>	<u>12,273,541</u>	<u>88</u>
1XXX	Total assets	<u>\$ 14,733,381</u>	<u>100</u>	<u>\$ 14,007,038</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2102	Short-term borrowings (Note 14)	\$ 100,000	1	\$ 550,000	4
2150	Notes payable (Note 14)	104,865	1	61,201	1
2170	Trade payable (Note 23)	161,408	1	176,983	1
2200	Other payables (Note 15)	408,096	3	382,874	3
2230	Current tax liabilities (Notes 4 and 19)	207,404	1	245,322	2
2280	Lease liabilities – current (Notes 4, 12 and 23)	4,122	-	3,644	-
2320	Current portion of long-term borrowings (Notes 14 and 24)	-	-	481,000	3
2399	Other current liabilities (Note 23)	28,694	-	60,279	-
21XX	Total current liabilities	<u>1,014,589</u>	<u>7</u>	<u>1,961,303</u>	<u>14</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 14 and 24)	1,527,937	10	1,025,220	7
2570	Deferred tax liabilities (Notes 4 and 19)	1,276,042	9	1,037,031	8
2580	Lease liabilities – non-current (Notes 4, 12 and 23)	27,673	-	26,950	-
2640	Net defined benefit liabilities – non-current (Notes 4 and 16)	126,619	1	147,419	1
2645	Guarantee deposits received	30	-	30	-
25XX	Total non-current liabilities	<u>2,958,301</u>	<u>20</u>	<u>2,236,650</u>	<u>16</u>
2XXX	Total liabilities	<u>3,972,890</u>	<u>27</u>	<u>4,197,953</u>	<u>30</u>
	Equity				
3110	Common stock	2,979,639	20	2,979,639	21
3200	Capital surplus	727,977	5	727,926	5
	Retained earnings				
3310	Legal reserve	1,640,637	11	1,487,627	11
3320	Special reserve	572,198	4	448,343	3
3350	Unappropriated earnings	5,577,139	38	4,737,748	34
3400	Other equity interest	(737,099)	(5)	(572,198)	(4)
3XXX	Total equity	<u>10,760,491</u>	<u>73</u>	<u>9,809,085</u>	<u>70</u>
	Total liabilities and equity	<u>\$ 14,733,381</u>	<u>100</u>	<u>\$ 14,007,038</u>	<u>100</u>

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED

Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

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

Code		2021		2020	
		Amount	%	Amount	%
4000	Net sale (Notes 23 and 28)	\$ 4,285,592	100	\$ 3,771,343	100
5000	Cost of goods sold (Notes 4, 9, 18 and 23)	<u>2,955,501</u>	<u>69</u>	<u>2,635,194</u>	<u>70</u>
5900	Gross profit	1,330,091	31	1,136,149	30
5910	Realized (Unrealized) Gain on Transactions with Subsidiaries and Associates (Note 4)	<u>9,289</u>	<u>-</u>	<u>20,699</u>	<u>-</u>
5950	Realized Gross Profit	<u>1,339,380</u>	<u>31</u>	<u>1,156,848</u>	<u>30</u>
	Operation expenses (Notes 8, 18 and 23)				
6100	Sales and marketing expenses	326,460	8	276,154	7
6200	General and administrative expenses	126,349	3	110,970	3
6300	Research and development expenses	144,719	3	148,368	4
6450	Expected credit loss (gain)	(<u>1,408</u>)	<u>-</u>	<u>2,566</u>	<u>-</u>
6000	Total operating expense	<u>596,120</u>	<u>14</u>	<u>538,058</u>	<u>14</u>
6900	Profit from operations	<u>743,260</u>	<u>17</u>	<u>618,790</u>	<u>16</u>
	Non-operating income and expense				
7010	Subsidy income (Notes 4 and 26)	-	-	35,425	1
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 4)	1,846,416	43	1,235,183	33
7100	Interest income (Note 4)	429	-	1,089	-
7190	Other income (Note 23)	35,046	1	32,468	1
7210	Loss on disposal of property, plant and equipment	(91)	-	(4,754)	-

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Code		2021		2020	
		Amount	%	Amount	%
7510	Finance costs (Notes 4, 18 and 23)	(\$ 14,567)	-	(\$ 20,159)	(1)
7590	Other expenses (Note 18)	(7,297)	-	(8,291)	-
7630	Net foreign exchange loss (Notes 4 and 18)	(37,029)	(1)	(39,698)	(1)
7000	Total non-operating income and expense	<u>1,822,907</u>	<u>43</u>	<u>1,231,263</u>	<u>33</u>
7900	Profit before income tax	2,566,167	60	1,850,053	49
7950	Income tax expense (Notes 4 and 19)	<u>506,384</u>	<u>12</u>	<u>298,248</u>	<u>8</u>
8200	Net Profit for the Year	<u>2,059,783</u>	<u>48</u>	<u>1,551,805</u>	<u>41</u>
	Other comprehensive income (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 16)	10,338	1	(17,004)	-
8330	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	5,621	-	(38,057)	(1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(<u>2,067</u>)	<u>-</u>	(<u>3,401</u>)	<u>-</u>
		<u>13,892</u>	<u>1</u>	(<u>51,660</u>)	(<u>1</u>)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(206,126)	(5)	(117,372)	(3)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 19)	<u>41,225</u>	<u>1</u>	<u>23,475</u>	<u>-</u>
		(<u>164,901</u>)	(<u>4</u>)	(<u>93,897</u>)	(<u>3</u>)
8300	Other comprehensive loss for the year, net of income tax	(<u>151,009</u>)	(<u>3</u>)	(<u>145,557</u>)	(<u>4</u>)
8500	Total comprehensive income for the year	<u>\$ 1,908,774</u>	<u>45</u>	<u>\$ 1,406,248</u>	<u>37</u>

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Code		2021		2020	
		Amount	%	Amount	%
	Earnings per share (Note 20)				
9750	Basic	<u>\$ 6.91</u>		<u>\$ 5.21</u>	
9850	Diluted	<u>\$ 6.90</u>		<u>\$ 5.20</u>	

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

President: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED
Statements of Changes in Equity
January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

		Capital Surplus (Note 17)				Retained Earnings (Note 17)			Other Equity Items (Notes 4 and 17)		Total Equity
		Common Stock (Note 17)	Premium from Stock	Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition	Donation Assets	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Profit or loss of Financial Assets Measured at Fair Value through Other Comprehensive Income	
Code											
A1	Balance at January 1, 2020	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 145	\$ 1,335,409	\$ 230,730	\$ 4,471,368	(\$ 448,626)	\$ 283	\$ 9,296,693
C3	Donation from shareholders	-	-	-	36	-	-	-	-	-	36
	Appropriation of 2019 earnings										
B1	Legal reserve	-	-	-	-	152,218	-	(152,218)	-	-	-
B3	Special reserve	-	-	-	-	-	217,613	(217,613)	-	-	-
B5	Cash dividend	-	-	-	-	-	-	(893,892)	-	-	(893,892)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,551,805	-	-	1,551,805
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(21,702)	(93,897)	(29,958)	(145,557)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,530,103	(93,897)	(29,958)	1,406,248
Z1	Balance at December 31, 2020	2,979,639	615,831	111,914	181	1,487,627	448,343	4,737,748	(542,523)	(29,675)	9,809,085
C3	Donation from shareholders	-	-	-	51	-	-	-	-	-	51
	Appropriation of 2020 earnings										
B1	Legal reserve	-	-	-	-	153,010	-	(153,010)	-	-	-
B3	Special reserve	-	-	-	-	-	123,855	(123,855)	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(893,892)	-	-	(893,892)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(63,527)	-	-	(63,527)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	2,059,783	-	-	2,059,783
D3	Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	13,892	(164,901)	-	(151,009)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	2,073,675	(164,901)	-	1,908,774
Z1	Balance at December 31, 2021	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 232	\$ 1,640,637	\$ 572,198	\$ 5,577,139	(\$ 707,424)	(\$ 29,675)	\$ 10,760,491

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED

Statements of Cash Flows

January 1 to December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Income before income tax	\$2,566,167	\$1,850,053
A20010	Adjustments for:		
A20100	Depreciation expense	237,238	272,495
A20200	Amortization expense	298	5
A20300	Expected credit loss recognized		
	(reversed)	(1,408)	2,566
A20900	Finance costs	14,567	20,159
A21200	Interest income	(429)	(1,089)
A22400	Share of profit or loss of		
	associates accounted for using		
	the equity method	(1,846,416)	(1,235,183)
A22500	Loss on disposal of property,		
	plant and equipment	91	4,754
A23700	Impairment loss recognized on		
	non-financial assets	38,311	19,492
A24000	Unrealized (realized) gain on the		
	transactions with subsidiaries		
	and associates	(9,289)	(20,699)
A24100	Unrealized foreign currency		
	exchange loss, net	214	4,040
A30000	Changes in operating assets and		
	liabilities		
A31130	Notes receivable	38,317	(90,296)
A31150	Trade receivables	(30,772)	(101,669)
A31180	Other receivables	(3,633)	340
A31200	Inventories	(207,776)	(19,102)
A31240	Other current assets	(19,907)	2,705
A32130	Notes payable (Note 14)	43,664	10,560
A32150	Trade payables	(15,575)	(15,518)
A32180	Other payables	40,301	10,422
A32230	Other current liabilities	(31,529)	21,418
A32240	Net defined benefit liabilities	(10,462)	(20,404)
A33000	Cash generated from operations	801,972	715,049
A33100	Interest received	429	1,089
A33200	Dividend received	705,711	395,431
A33300	Interest paid	(14,512)	(20,286)
A33500	Income tax paid	(304,239)	(33,352)
AAAA	Net cash generated from		
	operating activities	<u>1,189,361</u>	<u>1,057,931</u>

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Code		2021	2020
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	(\$ 434,643)	(\$ 325,370)
B00050	Proceeds from disposal of financial assets at amortized cost	331,392	153,615
B02400	Proceeds from decapitalization of investees accounted for using the equity method	537,505	-
B02700	Payments for property, plant and equipment	(204,244)	(211,435)
B02800	Proceeds from disposal of property, plant and equipment	438	509
B03700	Decrease (increase) in refundable deposits	(513)	245
B04500	Acquisition of Intangible Assets	(1,200)	(194)
B07100	Increase in prepayments for machinery and equipment	(<u>54,890</u>)	(<u>26,975</u>)
BBBB	Net cash generated from (used in) investing activities	<u>173,845</u>	(<u>409,605</u>)
	Cash flow from financing activities		
C00100	Repayments of short-term borrowings	(450,000)	220,000
C01600	Proceeds from long-term borrowings	1,427,937	390,520
C01700	Repayments of long-term borrowings	(1,406,220)	(456,000)
C04020	Repayment of the principal portion of lease liabilities	(4,853)	(5,031)
C04500	Distribution of cash dividend	(893,892)	(893,892)
C09900	Overdue dividend	<u>51</u>	<u>36</u>
CCCC	Net cash used in financing activities	(<u>1,326,977</u>)	(<u>744,367</u>)
EEEE	Net Increase in Cash and Cash Equivalents	36,229	(96,041)
E00100	Cash and Cash Equivalents at the Beginning of the Year	<u>194,958</u>	<u>290,999</u>
E00200	Cash and Cash Equivalents at the End of the Year	<u>\$ 231,187</u>	<u>\$ 194,958</u>

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

President: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

Independent Auditor's Report

To: TAIWAN PAIHO LIMITED

Audit Opinion

We have audited the accompanying consolidated financial statements of Taiwan Paiho Limited and its subsidiaries (collectively the “group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated income statement, consolidated statement of cash flows for the years then ended, and notes to consolidated financial statements, (including a summary of significant accounting policies).

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

Basis for Opinion

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

Key Audit Matters

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

opinion on these matters.

The key audit matter for the consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Recognition of sales revenue

The main business items of the Group include the manufacturing and sale of touch fasteners, webbing, shoelaces, elastic, easy tape, and relevant peripheral materials as well as the sale of residential buildings constructed by construction contractors. Among all, the revenue from the sale of webbing and touch fasteners significantly influence the operating revenue and profit of the Group. Therefore, we include the above-mentioned sales revenue as a key audit matter. Please refer to Note 4 to Consolidated Financial Statements.

We have conducted procedures related to the matters included the following, among others:

1. We understood the design and implementation of internal controls and procedures for recognizing the sales revenue, and sampled and verified the appropriateness of the original orders approved.
2. We chose samples from the list of main products sales and checked their original orders, delivery orders, invoices, and the collection of payments, and inspected the recognition of the associated revenue and the collection of receivables.

Other Matters

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and the IFRS, IAS, IFRIC, and SIC, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements.

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's 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 responsibly be thought to bear on our independence (including related applicable safeguard).

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

Deloitte & Touche

Taiwan

Shu-Chin, Chiang CPA

Ting-Chien, Su CPA

March 25, 2022

Notice to Readers

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

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 3,531,290	12	\$ 5,870,846	18
1110	Financial assets at fair value through profit and loss – current (Notes 4 and 7)	-	-	644,182	2
1136	Financial assets measured at amortized cost – current (Notes 4 and 9)	221,866	1	829,424	3
1150	Notes receivable (Notes 4 and 10)	140,824	-	178,958	1
1170	Trade receivable (Notes 4 and 10)	2,835,196	10	2,480,638	8
1200	Other receivable (Note 4)	347,011	1	479,042	1
1310	Inventories – manufacturing (Notes 4 and 11)	3,035,641	11	2,243,394	7
1320	Inventories – constructing (Notes 4 and 11)	2,756,659	10	3,134,576	10
1470	Other current assets (Notes 17 and 25)	679,164	2	674,890	2
11XX	Total current assets	<u>13,547,651</u>	<u>47</u>	<u>16,535,950</u>	<u>52</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) – non-current (Notes 4 and 8)	-	-	-	-
1535	Financial assets measured at amortized cost – non-current (Notes 4, 9 and 30)	289,073	1	29,143	-
1600	Property, plant and equipment (Notes 4, 13 and 30)	12,328,979	43	12,607,349	40
1755	Right-of-use assets (Notes 4 and 14)	1,463,606	5	1,552,252	5
1760	Investment property (Notes 4 and 15)	142,865	-	149,695	-
1805	Goodwill (Notes 4 and 16)	191,041	1	204,735	1
1821	Other intangible assets (Note 4)	4,469	-	2,320	-
1840	Deferred tax assets (Notes 4 and 25)	354,358	1	285,592	1
1915	Prepayment for machinery and equipment	543,815	2	325,751	1
1995	Other non-current assets (Note 17)	70,005	-	49,600	-
15XX	Total non-current assets	<u>15,388,211</u>	<u>53</u>	<u>15,206,437</u>	<u>48</u>
1XXX	Total assets	<u>\$ 28,935,862</u>	<u>100</u>	<u>\$ 31,742,387</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2102	Short-term borrowings (Note 18)	\$ 2,863,774	10	\$ 3,981,840	13
2130	Contractual liabilities – current (Notes 4, 23, 29 and 31)	990,613	3	3,238,327	10
2150	Notes payable	104,865	-	61,201	-
2170	Trade payable	882,034	3	626,412	2
2200	Other payables (Notes 19 and 24)	1,659,901	6	1,575,598	5
2230	Current tax liabilities (Notes 4 and 25)	1,016,382	4	955,320	3
2280	Lease liabilities – current (Notes 4, 14 and 29)	30,458	-	27,514	-
2320	Current portion of long-term borrowings (Notes 18 and 30)	576,310	2	1,182,322	4
2399	Other current liabilities (Note 4)	88,481	-	98,535	-
21XX	Total current liabilities	<u>8,212,818</u>	<u>28</u>	<u>11,747,069</u>	<u>37</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 18 and 30)	5,247,409	18	5,853,557	19
2570	Deferred tax liabilities (Notes 4 and 25)	1,384,016	5	1,186,370	4
2580	Lease liabilities – non-current (Notes 4, 14 and 29)	96,613	1	113,528	-
2630	Deferred revenue – non-current (Notes 4 and 14)	84,498	-	87,849	-
2640	Net defined benefit liabilities – non-current (Notes 4 and 20)	266,100	1	282,943	1
2645	Guarantee deposits received	14,049	-	17,083	-
25XX	Total non-current liabilities	<u>7,092,685</u>	<u>25</u>	<u>7,541,330</u>	<u>24</u>
2XXX	Total liabilities	<u>15,305,503</u>	<u>53</u>	<u>19,288,399</u>	<u>61</u>
	Equity attributable to owners of the Corporation				
3110	Common stock	2,979,639	10	2,979,639	10
3200	Capital surplus	727,977	3	727,926	2
	Retained earnings				
3310	Legal reserve	1,640,637	6	1,487,627	5
3320	Special reserve	572,198	2	448,343	1
3350	Unappropriated earnings	5,577,139	19	4,737,748	15
3400	Other equity interest	(737,099)	(3)	(572,198)	(2)
31XX	Total equity attributable to owners of the Corporation	<u>10,760,491</u>	<u>37</u>	<u>9,809,085</u>	<u>31</u>
36XX	Non-controlling interests	<u>2,869,868</u>	<u>10</u>	<u>2,644,903</u>	<u>8</u>
3XXX	Total equity	<u>13,630,359</u>	<u>47</u>	<u>12,453,988</u>	<u>39</u>
	Total liabilities and equity	<u>\$ 28,935,862</u>	<u>100</u>	<u>\$ 31,742,387</u>	<u>100</u>

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

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

Code		2021		2020	
		Amount	%	Amount	%
4000	Net sale (notes 4, 23, 29)	\$ 18,287,786	100	\$ 14,645,277	100
5000	Cost of goods sold (Notes 4, 11, 23, 24)	<u>11,359,265</u>	<u>62</u>	<u>9,269,352</u>	<u>63</u>
5950	Gross profit	<u>6,928,521</u>	<u>38</u>	<u>5,375,925</u>	<u>37</u>
	Operating expense (Notes 24 and 29)				
6100	Sales and marketing expenses	1,447,989	8	1,272,576	9
6200	General and administrative expenses	925,779	5	725,833	5
6300	Research and development expenses	558,247	3	554,562	4
6450	Expected credit loss (Note 10)	<u>18,694</u>	<u>-</u>	<u>13,922</u>	<u>-</u>
6000	Total operating expense	<u>2,950,709</u>	<u>16</u>	<u>2,566,893</u>	<u>18</u>
6900	Profit from operations	<u>3,977,812</u>	<u>22</u>	<u>2,809,032</u>	<u>19</u>
	Non-operating income and expense				
7010	Government grant (Note 4)	60,780	-	52,166	-
7100	Interest income (Note 4)	88,745	1	80,151	1
7190	Other income (Note 4)	86,570	-	55,678	-
7510	Finance costs (Notes 4, 24, 29)	(137,897)	(1)	(192,588)	(1)
7590	Miscellaneous expenses (Notes 4 and 24)	(31,638)	-	(37,917)	-
7630	Net foreign exchange loss (Notes 4 and 24)	(<u>17,475</u>)	<u>-</u>	(<u>82,940</u>)	(<u>1</u>)
7000	Total non-operating income and expense	<u>49,085</u>	<u>-</u>	(<u>125,450</u>)	(<u>1</u>)

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Code		2021		2020	
		Amount	%	Amount	%
7900	Profit before income tax	\$ 4,026,897	22	\$ 2,683,582	18
7950	Income tax expense (Notes 4 and 25)	<u>1,360,847</u>	<u>7</u>	<u>883,147</u>	<u>6</u>
8200	Net Profit for the Year	<u>2,666,050</u>	<u>15</u>	<u>1,800,435</u>	<u>12</u>
	Other comprehensive income (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 20)	21,231	-	(32,701)	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	-	-	(29,958)	-
8349	and income tax related to items that will not be reclassified (Note 25)	(<u>2,067</u>)	<u>-</u>	(<u>3,401</u>)	<u>-</u>
		<u>19,164</u>	<u>-</u>	(<u>59,258</u>)	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(254,766)	(1)	7,658	-
8399	and income tax related to items likely to be reclassified to profit or loss (Note 25)	<u>41,225</u>	<u>-</u>	<u>23,475</u>	<u>-</u>
		(<u>213,541</u>)	(<u>1</u>)	<u>31,133</u>	<u>-</u>
8300	Other comprehensive loss for the year	(<u>194,377</u>)	(<u>1</u>)	(<u>28,125</u>)	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 2,471,673</u>	<u>14</u>	<u>\$ 1,772,310</u>	<u>12</u>
	Net income attributable to:				
8610	Owners of the Corporation	\$ 2,059,783	11	\$ 1,551,805	10
8620	Non-controlling interests	<u>606,267</u>	<u>4</u>	<u>248,630</u>	<u>2</u>
8600		<u>\$ 2,666,050</u>	<u>15</u>	<u>\$ 1,800,435</u>	<u>12</u>

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Code		2021		2020	
		Amount	%	Amount	%
	Total comprehensive income attributable to:				
8710	Owners of the Corporation	\$ 1,908,774	11	\$ 1,406,248	10
8720	Non-controlling interests	<u>562,899</u>	<u>3</u>	<u>366,062</u>	<u>2</u>
8700		<u>\$ 2,471,673</u>	<u>14</u>	<u>\$ 1,772,310</u>	<u>12</u>
	Earnings per share (note 26)				
9750	Basic	<u>\$ 6.91</u>		<u>\$ 5.21</u>	
9850	Diluted	<u>\$ 6.90</u>		<u>\$ 5.20</u>	

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

President: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Corporation (Note 4)													
		Capital Surplus (Note 22)					Other Equity Items (Notes 8 and 22)								
		Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Disposal or Acquisition					Retain earnings (Note 22)			Exchange Differences on Translating Foreign Operations	Unrealized Profit or Loss of Financial Assets at FVTOCI	Total	Non-Controlling Interests	Total Equity	
Code		Common Stock (Note 22)	Premium from Stock		Donation Assets	Legal Reserve	Special Reserve	Unappropriated Earnings							
A1	Balance at January 1, 2020	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 145	\$ 1,335,409	\$ 230,730	\$ 4,471,368	(\$ 448,626)	\$ 283	\$ 9,296,693	\$ 2,370,398	\$ 11,667,091		
C3	Donation from shareholders	-	-	-	36	-	-	-	-	-	36	-	36		
	Appropriation of 2021 earnings														
B1	Legal reserve	-	-	-	-	152,218	-	(152,218)	-	-	-	-	-		
B3	Special reserve	-	-	-	-	-	217,613	(217,613)	-	-	-	-	-		
B5	Cash dividend	-	-	-	-	-	-	(893,892)	-	-	(893,892)	-	(893,892)		
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(91,557)	(91,557)		
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,551,805	-	-	1,551,805	248,630	1,800,435		
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(21,702)	(93,897)	(29,958)	(145,557)	117,432	(28,125)		
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,530,103	(93,897)	(29,958)	1,406,248	366,062	1,772,310		
Z1	Balance at December 31, 2020	2,979,639	615,831	111,914	181	1,487,627	448,343	4,737,748	(542,523)	(29,675)	9,809,085	2,644,903	12,453,988		
C3	Donation from shareholders	-	-	-	51	-	-	-	-	-	51	-	51		
	Appropriation of 2020 earnings														
B1	Legal reserve	-	-	-	-	153,010	-	(153,010)	-	-	-	-	-		
B3	Special reserve	-	-	-	-	-	123,855	(123,855)	-	-	-	-	-		
B5	Cash dividend	-	-	-	-	-	-	(893,892)	-	-	(893,892)	-	(893,892)		
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(63,527)	-	-	(63,527)	(185,261)	(248,788)		
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(152,673)	(152,673)		
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	2,059,783	-	-	2,059,783	606,267	2,666,050		
D3	Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	13,892	(164,901)	-	(151,009)	(43,368)	(194,377)		
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	2,073,675	(164,901)	-	1,908,774	562,899	2,471,673		
Z1	Balance at December 31, 2021	\$ 2,979,639	\$ 615,831	\$ 111,914	\$ 232	\$ 1,640,637	\$ 572,198	\$ 5,577,139	(\$ 707,424)	(\$ 29,675)	\$ 10,760,491	\$ 2,869,868	\$ 13,630,359		

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

President: Sen-Mei Cheng

General Manager: Cheng-Wei Cheng

Accounting Supervisor: Yao-Da Huang

TAIWAN PAIHO LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

January 1 to December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Income before income tax	\$4,026,897	\$2,683,582
A20010	Incomes and expense items:		
A20100	Depreciation expense	1,280,549	1,263,771
A20200	Amortization expense	831	253
A20300	Expected credit loss recognized	18,694	13,922
A20900	Finance costs	137,897	192,588
A21200	Interest income	(88,745)	(80,151)
A22500	Loss (gain) on disposal of property, plant and equipment	300	(1,990)
sA23700	Impairment loss recognized on non-financial assets	137,189	169,634
A24100	Unrealized foreign currency exchange loss, net	352	7,488
A29900	Others	(55,523)	(2,288)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	640,936	(611,208)
A31130	Notes receivable	37,329	(94,416)
A31150	Trade receivable	(439,394)	(162,543)
A31180	Other receivables	117,076	(203,206)
A31200	Inventories – manufacturing	(985,518)	(189,647)
A31200	Inventories – construction	275,049	(559,608)
A31240	Other current assets	(25,233)	(58,493)
A32125	Contractual liabilities	(2,169,361)	3,299,171
A32130	Notes payable	43,664	10,560
A32150	Trade payable	278,168	57,416
A32180	Other payables	197,597	166,412
A32230	Other current liabilities	(8,340)	30,920
A32240	Net defined benefit liabilities	4,256	(7,543)
A33000	Cash generated from operations	3,424,670	5,924,624
A33100	Interest received	88,745	80,151
A33300	Interest paid	(142,668)	(203,383)
A33500	Income tax paid	(1,081,942)	(544,733)
AAAA	Net cash generated from operating activities	<u>2,288,805</u>	<u>5,256,659</u>

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Code		2021	2020
	Cash flow from investment activities		
B00040	Purchase of financial assets at amortized cost	(\$ 2,664,317)	(\$ 3,552,978)
B00050	Proceeds from disposal of financial assets at amortized cost	3,008,166	2,892,979
B02700	Payments for property, plant and equipment	(840,771)	(937,512)
B02800	Proceeds from disposal of property, plant and equipment	12,628	29,506
B03700	Decrease (increase) in refundable deposits	(28,080)	1,023
B04500	Procurement of intangible assets	(2,356)	(488)
B05350	Payments for right-of-use assets	-	(236,570)
B06700	Decrease (increase) in other non-current assets	7,619	874
B07100	Increase of prepayment for machinery and equipment	(<u>622,924</u>)	(<u>331,879</u>)
BBBB	Net cash used in investing activities	(<u>1,130,035</u>)	(<u>2,135,045</u>)
	Cash flow from financing activities		
C00100	Repayments of short-term borrowings	(1,030,090)	(1,109,604)
C01600	Proceeds from long-term borrowings	5,757,359	4,438,424
C01700	Repayments of long-term borrowings	(6,834,378)	(2,877,443)
C03000	Proceeds from (repayments of) guarantee deposits received	(3,050)	3,564
C04020	Repayment of the principal portion of lease liabilities	(62,458)	(36,001)
C04500	Distribution of cash dividend	(893,892)	(893,892)
C05700	Income taxes paid on disposal of subsidiary	(264,011)	-
C05800	Dividends paid to non-controlling interests	(152,673)	(91,557)
C09900	Overdue dividend	<u>51</u>	<u>36</u>
CCCC	Net cash used in financing activities	(<u>3,483,142</u>)	(<u>566,473</u>)
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(<u>15,184</u>)	<u>52,519</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(2,339,556)	2,607,660
E00100	Cash and cash equivalents at the beginning of the year	<u>5,870,846</u>	<u>3,263,186</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 3,531,290</u>	<u>\$ 5,870,846</u>

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

President: Sen-Mei Cheng General Manager: Cheng-Wei Cheng Accounting Supervisor: Yao-Da Huang

Comparison Table of Amendments to “Articles of Incorporation”

Article No.	Amended Version	Original Version	Explanations
Article 13	Item 1: Omitted. <u>The Company’s shareholders’ meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>	Item 1: Omitted.	Revised, in accordance with Article 172-2 under “Company Act.”
Article 19-1	Among the number of the directors of the Company, shall include at least three independent directors and should be no less than 1/ <u>3</u> of the total numbers of directors. Regulations governing independent Directors’ professional qualifications, shareholding, holding of concurrent positions, as well as assessment of independence, procedures of nomination and other related matters shall be adopted by the regulatory authority.	Among the number of the directors of the Company, shall include at least three independent directors and should be no less than 1/5 of the total numbers of directors. Regulations governing independent Directors’ professional qualifications, shareholding, holding of concurrent positions, as well as assessment of independence, procedures of nomination and other related matters shall be adopted by the regulatory authority.	Revised, in order to strengthen supervision functionality of the Board based on “Corporate Governance 3.0 – Sustainable Development Roadmap”
Article 34	These Articles of Incorporation are agreed to and signed on November 26, 1984 by all the promoters of the Company First ~ Thirty: Omitted. <u>The thirty-one amendment was made on June 24, 2022.</u>	These Articles of Incorporation are agreed to and signed on November 26, 1984 by all the promoters of the Company First ~ Thirty: Omitted.	Increased and listed the number of times and the dates of the revisions

Comparison Table of Amendments to “Procedures for Acquisition or Disposal of Assets”

Article No.	Amended Version	Original Version	Explanations
Article 8	<p>The standards for public announcement and report</p> <p>Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, public announcement and report relevant information on the FSC's (Financial Supervisory Commission) designated website in the appropriate format as prescribed by regulations within the time limit counting inclusively from the date of occurrence of the event:</p> <p>1~6: Omitted.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution or an investment in the mainland China area exceed 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) 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>(2) <u>Where done by professional investors-</u> securities trading on securities exchanges or <u>OTC</u> markets, or subscription <u>of foreign government bonds, or of</u> ordinary corporate bonds or general bank debentures without equity characteristics</p>	<p>The standards for public announcement and report</p> <p>Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, public announcement and report relevant information on the FSC's (Financial Supervisory Commission) designated website in the appropriate format as prescribed by regulations within the time limit counting inclusively from the date of occurrence of the event:</p> <p>1~6: Omitted.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution or an investment in the mainland China area exceed 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Securities trading <u>by investment professionals</u> on securities exchanges or <u>over-the-counter</u> markets, or subscription <u>by investment professionals</u> of ordinary corporate bonds or <u>of</u> general bank debentures without equity characteristics</p>	Revised, in accordance with Article 31 under “Regulation Governing the Acquisition and Disposition of Assets by Public Company.”

Article No.	Amended Version	Original Version	Explanations
	<p>(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 <u>subscription or redemption of exchange traded notes,</u> 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.</p> <p>(3) Omitted.</p> <p>Item 2~item 7: Omitted.</p>	<p>(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 company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Omitted.</p> <p>Item 2~item 7: Omitted.</p>	
Article 10	<p>Except transactions with domestic government institutions, contracting third parties to construct on land owned or rented by this Company, acquisition and disposal of equipment or right-of-use assets for operation purpose, for acquisition or disposal of real estate, equipment or right-of-use assets by this Company whose amount exceed 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>1. ~2. Omitted.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for</p>	<p>Except transactions with domestic government institutions, contracting third parties to construct on land owned or rented by this Company, acquisition and disposal of equipment or right-of-use assets for operation purpose, for acquisition or disposal of real estate, equipment or right-of-use assets by this Company whose amount exceed 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>1. ~2. Omitted.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be</p>	<p>Revised, in accordance with Article 9 under "Regulation Governing the Acquisition and Disposition of Assets by Public Company."</p>

Article No.	Amended Version	Original Version	Explanations
	<p>the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a certified public accountant <u>shall be engaged</u> to perform the appraisal and render <u>a specific opinion regarding</u> the reason for the discrepancy and the <u>appropriateness</u> of the transaction price.</p> <p>(1) ~ (2) Omitted.</p> <p>4. Omitted.</p> <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report <u>within 2 weeks counting inclusively from the date of occurrence,</u> and the certified public accountant's opinion, under paragraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of <u>obtaining the appraisal report.</u></p>	<p>acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, <u>the Company should request</u> a certified public accountant <u>in accordance to the ROC Accounting Research and Development Foundation (ARDF)</u> to perform the appraisal <u>with the provision of Statement of Auditing Standard No.20</u> and <u>comment on</u> the reason for the discrepancy and the <u>fairness</u> of the transaction price:</p> <p>(1) ~ (2) Omitted.</p> <p>4. Omitted.</p> <p>Except where limited price, specified price, or special price is employed by construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of <u>occurrence.</u></p>	
Article 11	<p><u>The company</u> acquiring or disposing of securities <u>shall, prior to the date of occurrence of the event, obtain</u> financial statements of the object company <u>for the most recent period,</u> audited or reviewed by certified public accountant, <u>for reference in appraising the transaction price, and if the dollar amount of the transaction is 20%</u></p>	<p><u>Before the Date of the Event of</u> the acquisition or disposal of securities, <u>the latest</u> financial statements of the object company audited or reviewed by certified public accountant <u>should be acquired for the assessment and reference of</u> transaction price. <u>Should the transaction price reaches</u> 20% of <u>this</u> Company's paid-in capital or NT\$300 million, <u>opinions in respect</u></p>	Revised, in accordance with Article 10 under "Regulation Governing the Acquisition and Disposition

Article No.	Amended Version	Original Version	Explanations
	of the Company's paid-in capital or NT\$300 million <u>or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price;</u> provided however, these requirements are not applicable if such securities have a public price from an active market or if the regulatory authorities require otherwise.	<u>of a rational transaction price have to be sought from certified public accountant before the Date of the Event of the subject acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20 by the ROC Accounting Research and Development Foundation (ARDF);</u> provided however, these requirements are not applicable if such securities have a public price from an active market or if the regulatory authorities require otherwise.	of Assets by Public Company.”
Article 12	<u>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency(ies), the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</u>	<u>If this Company’s acquisition or disposal of intangible assets or right-of-use assets or memberships reaches 20% of this Company’s paid-in capital or NT\$300 million, excluding transactions with domestic government agency(ies), opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the Date of the Event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by the ROC Accounting Research and Development Foundation (ARDF).</u>	Revised, in accordance with Article 11 under “Regulation Governing the Acquisition and Disposition of Assets by Public Company.”
Article 14	Item 1: Omitted. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of their respective allied</u>	Item 1: Omitted. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:	Revised, in accordance with Article 5 under “Regulation Governing

Article No.	Amended Version	Original Version	Explanations
	<p><u>associations and</u> the following:</p> <ol style="list-style-type: none"> 1. Omitted. 2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 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 <u>appropriate and</u> reasonable and that they have complied with applicable laws and regulations. 	<ol style="list-style-type: none"> 1. Omitted. 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 collected, and conclusion shall be fully and accurately specified in the case working papers. 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 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 <u>and accurate</u>, and that they have complied with applicable laws and regulations. 	<p>the Acquisition and Disposition of Assets by Public Company.”</p>
Article 16	If this Company intends to acquire or dispose of real estate or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets from or to a related party and the transaction amount reaches 20% of this Company’s paid-in capital, 10% of this Company’s total assets, or NT\$300 million, except for trading	If this Company intends to acquire or dispose of real estate or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets from or to a related party and the transaction amount reaches 20% of this Company’s paid-in capital, 10% of this Company’s total assets, or NT\$300 million, except for trading of	Revised, in accordance with Article 15 under “Regulation Governing the Acquisition and Disposition of Assets by

Article No.	Amended Version	Original Version	Explanations
	<p>of domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming domestic money market funds issued by securities investment trusts, this Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:</p> <p>1.~7. Omitted.</p> <p>Item 2~item 3: Omitted.</p> <p><u>With respect to the transaction to be conducted between the Company and its subsidiaries that are not listed in the R.O.C. and the transaction amount reaches 10 % or more of the Company's total assets, as listed under paragraph 1, the Company shall submit the associated information, as listed under paragraph 1, to the shareholders' meeting before signing contracts and making payments. With the exception when such transactions are to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries.</u></p>	<p>domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming domestic money market funds issued by securities investment trusts, this Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:</p> <p>1. ~7. Omitted.</p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items that have been previously approved by the board of directors need not be counted toward the transaction amount.</u></p> <p>Item 3~item 4: Omitted.</p>	Public Company.”

Article No.	Amended Version	Original Version	Explanations
	<p><u>The calculation of the transaction amounts referred to in paragraph 1 and paragraph 4 shall be made in accordance with Article 8. “Within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders’ meeting and the board of directors need not be counted toward the transaction amount.</u></p>		

Comparison Table of Amendments to “Rules and Procedures for Shareholders’ Meetings”

[illegible]

Article No.	Amended Version	Original Version	Explanations
	<p>circumstances apply, the proposal raised by the shareholders, the Board of Directors shall included in the agenda:</p> <ol style="list-style-type: none"> <u>1.</u> The proposal is not a matter that may be resolved at the annual general meeting. <u>2.</u> The proposing shareholder holds less than 1% of issued shares at the time when the share transfer registration is suspended by the Company in accordance with the provisions set out in Paragraph 2 or Paragraph 3, Article 165 of Company Act. <u>3.</u> The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph. <u>4.</u> Where the said proposal containing exceeds 300 characters in length or more than one proposal. <p>A shareholder proposal proposed under Paragraph <u>8</u> for urging a company to promote public interests or fulfill its social responsibilities may still be included in the agenda</p> <p>Item <u>13</u>: Omitted.</p>	<p>circumstances apply, the proposal raised by the shareholders, the Board of Directors shall included in the agenda:</p> <ol style="list-style-type: none"> (1) The proposal is not a matter that may be resolved at the annual general meeting. (2) The proposing shareholder holds less than 1% of issued shares at the time when the share transfer registration is suspended by the Company in accordance with the provisions set out in Paragraph 2 or Paragraph 3, Article 165 of Company Act. (3) The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph. (4) Where the said proposal containing exceeds 300 characters in length or more than one proposal. <p>A shareholder proposal proposed under Paragraph 6 for urging a company to promote public interests or fulfill its social responsibilities may still be included in the agenda.</p> <p>Item 12: Omitted.</p>	

Article No.	Amended Version	Original Version	Explanations
Article 3	<p><u>The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders' meeting in person.</u></p> <p>Shareholders____shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification</p>	<p>Shareholders <u>and their proxies (collectively, "shareholders")</u> shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting</p>	Revised, in accordance with Article 6, 6-1, and 9 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."

Article No.	Amended Version	Original Version	Explanations
	<p>documents for verification.</p> <p>Item <u>4</u>~item <u>6</u>: Omitted.</p> <p><u>In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which</u></p>	<p>proxy forms shall also bring identification documents for verification.</p> <p>Item 2~item 4: Omitted.</p>	

Article No.	Amended Version	Original Version	Explanations
	<p><u>the meeting is postponed or on which the meeting will resume.</u></p> <p><u>(2) Shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.</u></p> <p><u>(3) In case of a hybrid shareholders' meeting (virtual platform is made available), when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on</u></p>		

Article No.	Amended Version	Original Version	Explanations
	<p><u>meeting agenda of that shareholders' meeting</u></p> <p><u>(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motions has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.</u></p> <p>Attendance at shareholder meeting shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform,</u> plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chairman shall call the meeting to order at the appointed meeting time, and announce the shares without voting rights and the attendance of the shareholders and the voting shares represented.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a</p>	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chairman shall call the meeting to order at the appointed meeting time, and announce the shares without voting rights and the attendance of the shareholders and the voting shares represented. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined</p>	

Article No.	Amended Version	Original Version	Explanations
	<p>combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned. <u>When a visual communication shareholders meeting is held, the company shall also announce the meeting adjourned on the virtual meeting platform of the shareholders' meeting.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall reregister with the Company, as stipulated under paragraph 7.</u></p> <p>Item <u>12</u>: Omitted.</p>	<p>total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>Item 8: Omitted.</p>	
<u>Article 4</u>	<p>Item 1: Omitted.</p> <p><u>When the Company convene a visual communication shareholders meeting, it is not subject to the restrictions on the venue of the preceding</u></p>	Item 1: Omitted.	Revised, in accordance with Article 5 under "Sample Template for

Article No.	Amended Version	Original Version	Explanations
	<u>paragraph.</u>		XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."
<u>Article 5</u>	Item 1~item 4: Omitted.	Item 1~item 4: Omitted.	Modify the wording.
<u>Article 6</u>	Item 1~item 3: Omitted. <u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u>	Item 1~item 3: Omitted.	Revised, in accordance with Article 4 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."
<u>Article 7</u>	Item 1: Omitted. <u>Where a shareholders' meeting is held virtually, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle</u>	Item 1: Omitted.	Revised, in accordance with Article 8 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."

Article No.	Amended Version	Original Version	Explanations
	<u>matters of the virtual meeting.</u>		
<u>Article 8</u>	Item 1~item 5: Omitted.	Item 1~item 5 Omitted.	Modify the wording.
<u>Article 9</u>	Item 1~item 4: Omitted.	Item 1~item 4: Omitted.	Modify the wording.
<u>Article 10</u>	Item 1~item 3: Omitted.	Item 1~item 3: Omitted.	Modify the wording.
<u>Article 11</u>	Item 1~item 3: Omitted. <u>Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. Paragraph above does not apply to Article 10 and paragraph 1-2 under this Article.</u>	Item 1~item 3: Omitted.	Revised, in accordance with Article 11 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."
<u>Article 12</u>	Item 1~item 2: Omitted.	Item 1~item 2: Omitted.	Modify the wording.
<u>Article 13</u>	On the day of a shareholders meeting, <u>the</u> Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies <u>and the number of shares by written or electronic means,</u> and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event of a virtual shareholders' meeting, the Company shall upload the meeting materials above to the</u>	On the day of a shareholders meeting, this Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.	Revised, in accordance with Article 16 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."

Article No.	Amended Version	Original Version	Explanations
	<p><u>virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p>		
Article 14	Item 1: Omitted.	Item 1: Omitted.	Modify the wording.
Article 15	<p>Item 1~item 2: Omitted.</p> <p><u>When the Company convenes a virtual shareholders' meeting, after the chairman declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairman announces the voting session ends or will be deemed to abstain from voting.</u></p> <p><u>In the event of a virtual shareholders' meeting, votes shall be counted at once after the chairman announces the voting session ends, and results of votes and elections shall be announced.</u></p> <p><u>When the Company convenes a hybrid shareholders' meeting (virtual platform is made available), if shareholders who have registered to attend the</u></p>	Item 1~item 2: Omitted.	Revised, in accordance with Article 13 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."

Article No.	Amended Version	Original Version	Explanations
	<p><u>meeting online in accordance with Article 3 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<u>Article</u> 16	Item 1~item 3: Omitted.	Item 1~item 3: Omitted.	Modify the wording.
<u>Article</u> 17	Item 1~item 5: Omitted.	Item 1~item 5: Omitted.	Modify the wording.

Article No.	Amended Version	Original Version	Explanations
Article 18	Item 1~item 3: Omitted. <u>Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chairman's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u> <u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the previous paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online.</u>	Item 1~item 3: Omitted.	Revised, in accordance with Article 15 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."
Article 19	Item 1~item 4: Omitted.	Item 1~item 4: Omitted.	Modify the wording.
Article 20	<u>In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced</u>	<u>These procedures shall be effective once approved by of the Audit Committee and the Board of Directors, and after adoption by shareholders meetings. The same applies in case of revision.</u>	1. Added, in accordance with Article 19 under "Sample Template for XXX Co., Ltd. Rules of Procedures

Article No.	Amended Version	Original Version	Explanations
	<u>the meeting adjourned.</u>		of Shareholders' Meetings." 2. The article is renumbered from 20 to 24
Article 21	<u>When the Company convenes a virtual shareholders' meeting, both the chairman and secretary shall be in the same location, and the chairman shall declare the address of their location when the meeting is called to order.</u>		Added, in accordance with Article 20 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."
Article 22	<u>In the event of a virtual shareholders' meeting, when declaring the meeting open, the chairman shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the "Regulations Governing the Administration of Shareholder Services of Public Companies," if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chairman has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be</u>		Added, in accordance with Article 21 under "Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders' Meetings."

Article No.	Amended Version	Original Version	Explanations
	<p><u>postponed to or resumed on another date within five days, in which case Article 182 of the “Company Act” shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the previous paragraph, shareholders not having registered to attend the affected virtual shareholders’ meeting shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the previous paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders’ meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders’ meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders’ meeting held under the previous paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.</u></p>		

Article No.	Amended Version	Original Version	Explanations
	<p><u>When the Company convenes a hybrid shareholders' meeting (virtual platform is made available), and the meeting cannot continue as described in the previous paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the previous paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the previous paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</u></p> <p><u>When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the "Regulations Governing</u></p>		

Article No.	Amended Version	Original Version	Explanations
	<p><u>the Administration of Shareholder Services of Public Companies.”</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies,” and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the “Regulations Governing the Administration of Shareholder Services of Public Companies,” the Company shall handle the matter based on the date of the shareholders’ meeting that is postponed or resumed under the first paragraph.</u></p>		
<u>Article 23</u>	<p><u>When convening a virtual-only shareholders’ meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders’ meeting online.</u></p>		Added, in accordance with Article 22 under “Sample Template for XXX Co., Ltd. Rules of Procedures of Shareholders’ Meetings.”
<u>Article 24</u>	<p><u>These procedures shall be effective once approved by of the Audit Committee and the Board of Directors, and after adoption by shareholders meetings. The same applies in case of revision.</u></p>		Renumber the article order owing to the current addition

Comparison Table of Amendments to “Operational Procedures for Loaning of Company Funds”

Article No.	Amended Version	Original Version	Explanations
Article 5	<p>Limit of Loan Amount</p> <p>1. A subcontractor, satellite factory, or an invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to <u>40%</u> of the Company’s net worth.</p> <p>2. ~5. Omitted.</p>	<p>Limit of Loan Amount</p> <p>1. A subcontractor, satellite factory, or an invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to 20% of the Company’s net worth.</p> <p>2.~5. Omitted.</p>	<p>To comply with the amendments to operational needs</p>

Comparison Table of Amendments to “Regulation Governing Making of
Endorsements/Guarantees”

Article No.	Amended Version	Original Version	Explanations
Article 3	<p>Total amount of endorsements/guarantees of the Company:</p> <p>1. Total amount of endorsements/guarantees of the Company shall not exceed <u>250%</u> of the net worth on the latest financial statement. The term "net worth" means the balance sheet equity attributable to the owners of the parent company.</p> <p>2. ~ 5. Omitted.</p> <p>6. Total amount of endorsements/guarantees of the Company and Subsidiaries as a whole shall not exceed <u>250%</u> of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p>	<p>Total amount of endorsements/guarantees of the Company:</p> <p>1. Total amount of endorsements/guarantees of the Company shall not exceed 150% of the net worth on the latest financial statement. The term "net worth" means the balance sheet equity attributable to the owners of the parent company.</p> <p>2. ~ 5. Omitted.</p> <p>6. Total amount of endorsements/guarantees of the Company and Subsidiaries as a whole shall not exceed 150% of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p>	<p>To comply with the amendments to operational needs</p>

TAIWAN PAIHO LIMITED

Articles of Incorporation

(Original Version)

SECTION One General Provisions

Article 1:

This Company, organized and established in conformity with the provisions of Company limited by shares as prescribed by the Company Act, is hereinafter called the TAIWAN PAIHO LIMITED.

Article 2:

The scope of business of the Company shall be as follow

1. C399990 Manufacture of other textiles and products.
2. CZ99020 Manufacture of zippers and buttons.
3. H701040 Development of specific industrial zone.
4. H701060 Development of new city/town and new community area.
5. CZ99990 Manufacture of unassorted other industrial products.
6. C305010 Arrangement of printing and dyeing.
7. F112040 Wholesaler of petroleum products.
8. F112010 Wholesaler of gasoline and diesel.
9. F212050 Retailer of petroleum products.
10. JA01990 Other motor service industry.
11. F199990 Other wholesales.
12. F299990 Other retails.
13. F109070 Wholesaler of cultural-educational, musical and recreational articles.
14. F209060 Retailer of cultural-educational, musical and recreational articles.
15. F104110 Wholesaler of cloth, clothes, footwear, hat/cap, umbrella and clothing decorative.
16. F204110 Retailer of cloth, clothes, footwear, hat/cap, umbrella and clothing decorative.
17. F108040 Wholesaler of cosmetics.
18. F208040 Retailer of cosmetics.
19. F401010 International Trading.
20. C805030 Manufacture of plastic daily necessities.
21. F108031 Wholesaler of medical instruments.
22. F208031 Retailer of medical instruments.
23. CF01011 Manufacture of medical instruments.
24. ZZ99999 Authorized to manage the business neither prohibited nor restricted by laws and acts other than the licensed ones.

Article 2-1:

To achieve the goal of multi-directional management, the total amount of the Company's reinvestment may exceed 40% of the Company's paid in capital.

Article 2-2:

Out of business requirements, the Company may pledge for a third party (including endorsement) in accordance with the Company procedure of endorsement and guarantee practice.

Article 3:

The Company is headquartered in Changhua County, Taiwan. If required the Company may establish branches domestically or overseas by Board of Director's resolution.

Article 4:

Any and all public announcements to be made by the company shall be published in a newspaper or electronic newspaper.

Under the circumstance of the preceding paragraph, the central competent authority may establish or designate a website for public announcements.

For the preceding two paragraphs, the public company shall comply with the provisions otherwise prescribed by the competent authority in charge of securities affairs.

SECTION Two Shares

Article 5:

The total capital of this Company shall be in the amount of NT\$3,800,000,000, divided into 380,000,000 shares, with par value of NT\$10.00 per shares. The Board of Directors is authorized to issue shares in separate installments as required.

Article 6:

The Company's shares shall be registered and numbered, bear the signatures or personal seals of the director representing the company, and be issued upon certification by the competent authority or its designated registration agency.

Article 7:

The Company may issue shares without certificates, and shall be registered with a central securities depository.

Article 8:

In case a shareholder loses his/her certified seal registered, an application, endorsed with guarantor(s), shall be filed for renewal or certified sealed with the Company.

Article 9:

Both transferor and transferee shall sign and seal the application, and apply to the Company for share transfer. Unless it is properly recorded by roster of shareholders, it cannot be held as a defense against the Company.

Article 10:

Registration for transfer of shares shall be suspended sixty (60) days prior to the annual general meeting of the shareholders', and 30 days prior to the extraordinary general meeting or 5 days prior to the standard date of dividend, bonus and/or other benefits, all transfer of company stocks shall not be executed.

Article 11:

Other provisions involving handing procedure of shares of this Company shall be set forth by Board of Directors.

SECTION Three Shareholders' Meeting

Article 12:

Shareholders' Meeting of the Company are of two types, namely:

1. Annual general meeting of shareholders shall be convened by the Board of Directors within six months after the conclusion of a fiscal year;
2. The extraordinary general meeting of shareholders may be held whenever necessary in conformity within Act.

Article 13:

Annual general shareholders' meeting shall be notified at least thirty days, and extraordinary shareholders' meeting, fifteen days in advance the shareholders with date, place, and causes for summon of the meeting.

Article 14:

Except as otherwise required by the Company Act, a proposal shall be adopted with the approval of more than half of the votes of the shareholders present at the shareholders' meeting attended by shareholders representing more than half of the total issued and outstanding shares of the Company.

Article 15:

Except as otherwise prescribed by Art 179, Company Act, each share of the Company is entitled to one vote.

Article 16:

A shareholder may delegate a proxy in his absence by filing a sheet of power-of-attorney printed and issued by the Company, stating with scope of empowerment, to attend the meeting in behalf of the shareholder. However, a person who is entrusted by more than two shareholders at the same time shall have the voting right not exceeding 3% of the issued total of shares and the voting right in excess of such limitation shall not be counted.

Article 17:

Chairman of the Board shall preside the shareholders' meeting. In case of leave or causes that prevent the chairman from duty performance, the representative shall be carried out pursuant to Art.208, Company Act.

In a shareholders' meeting summoned by a person other than the Board of Director, the person shall preside the meeting. When there are more than two persons authorized to call the meeting, one person shall be elected from among them to preside the meeting.

Resolutions adopted by shareholders' meeting shall conform to the set forth of the Company shareholders' meeting.

Article 18:

Minutes of shareholders' meeting shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list of signatures and proxies document, shall be filed and kept at the head office of the Company.

Minutes shall record the date and place of the shareholders' meetings, name of the chairman, and the resolutions method, as well as summaries and results of proceedings. Minutes of the shareholders' meetings shall be kept indefinitely for as long as the Company is in existence. Unless otherwise expressly provided by Company Act, the attendance list of signatures and proxy documents shall be kept for at least one year.

SECTION Four Directors, Controllers and Managing Personnel

Article 19:

The Company shall have seven to twelve directors, with three-year office term. Directors shall be elected and appointed by the shareholders' meeting from candidates in accordance with the candidate nomination system of the Company Act, and all Directors shall be eligible for re-election.

Article 19-1:

Among the number of the directors of the Company, shall include at least three independent directors and should be no less than 1/5 of the total numbers of directors. Regulations

governing independent Directors' professional qualifications, shareholding, holding of concurrent positions, as well as assessment of independence, procedures of nomination and other related matters shall be adopted by the regulatory authority.

Article 19-2:

For the purpose of developing supervisory functions and strengthening management mechanisms, the Board of Directors of the Company may set up risk & strategic management, nomination and other functional committees.

Article 20:

The authorities of the Board of Directors are as follows:

1. Preparation of business plan.
2. Propose profit distribution or a plan for recovery of losses.
3. Propose to increase/ decrease capital.
4. Review Articles of Incorporation & contracts.
5. Nomination and removal of general manager and vice-general managers of the Company
6. Establishment and demobilization of branch offices.
7. Review budget and final accounts.
8. Other duties and authorities pursuant to the Company Act or resolutions of shareholders' meeting.

Article 21:

The Board of Directors shall elect a chairman and a vice-chairman from among the directors by majority votes in a meeting attended by two thirds of directors. The board chairman represents and preside all business operations of the Company. In case the chairman is on leave or becomes incapacitated to perform his duty, the replacement shall be made pursuant to Article 208(3), Company Act.

Article 22:

Unless otherwise expressly provided by Company Act, the board meeting shall be summoned by the chairman. Resolutions of the board shall be adopted by majority votes of attending directors in excess of one half unless otherwise prescribed by Company Act.

Summoned of board meeting may notify by Email or fax.

Article 23:

If a director is unavailable to attend a meeting in person, the director may issue a power of attorney to authorize another director to attend the meeting, however a director may represent only one other director at a meeting.

Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

Article 24:

The Company shall establish an audit committee. The audit committee shall consist of independent Directors only. The audit committee shall be responsible for performing duties as prescribed for Supervisors' by the Company Act, Securities and Exchange Act and other regulations.

Article 24-1:

(Deleted.)

Article 25:

(Deleted.)

Article 26:

This Company shall have a general manager to be appointed by the majority vote of directors at a Board of Directors attended by more than one half of the total numbers of directors. Following the resolutions by the Board of Directors the general manager shall handle the Company business and with the authority to manage the affairs and sign the documents under Article of Incorporation or scope of authority set forth in contract.

Article 27:

This Company may designate several vice general managers, proposed by general managers and approved by the majority votes of Board of Directors, attended by more than one half of directors at a Board of Directors meeting. Vice general managers shall assist the general manager in all business undertakings.

SECTION Five Accounting

Article 28:

The Company fiscal year begins annually from January 1 till December 31 of the same year. After the close of each fiscal year, accordance to Company Act, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance:

1. Business report.
2. Financial statements.
3. Proposal concerning appropriation of earnings or covering of losses.

Article 29:

The Company shall set aside no less than 1% of the profit of the fiscal year for Employees' compensation and may appropriate no higher than 2% of the same profit as Directors' remuneration. However, if the Company has accumulated losses, the Company shall reserve an amount to offset it.

The profit of the fiscal year described above shall mean the profit before income tax less Employees' compensation and Directors' remuneration.

The appropriation of Employees' compensation and Directors' remuneration are resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

Employees' compensation shall be distributed in the form of shares or in cash. Employees eligible for such compensation may include the employees of parents or subsidiaries of the Company meeting certain specific conditions. Such conditions authorize the board of directors to make such decisions.

Article 29-1:

If the Company annual reports a surplus, shall pay the applicable tax, offset its accumulated losses, then set aside a legal reserve at 10% of remaining profits, and for special reserve shall be set aside according to regulations or upon request by the Financial Supervisory Commission. Any further remaining profits, the balance plus unappropriated earnings for prior year shall be distributed in accordance with the proposal submitted by the Board, and shall make approval at a shareholders' meeting, if the Company is distributing in the form of new shares.

If the Company has all or part of the legal reserve and additional paid-in capital applied for the distribution of dividends and bonuses with cash paid, according to Paragraph 5 of Article 240 of the Company Act, a resolution should be reached with the attendance of two-thirds of the directors and the consent of the majority of attending directors at the board meeting; also, it should be reported in the shareholders meeting.

Article 30:

For distribution of share interest to shareholders, only those who are listed on shareholders' register on the standard date of share interest are eligible.

Article 30-1: Dividend Policy

To coordinate with the integrated environment and maturity characteristics of industry and in consideration of future business expansion, capital demand and influences on Company and shareholders imposed by tax system, distribution of Company share interest will be adjusted and issued in accordance with the profit condition so as to maintain the steady growth of

surplus profit of each share. The dividend distribution ratio shall not less than 25% of the balance after the Company's after-tax profit minus the following items, includes accumulated losses, provision of legal reserve and other deductions of undistributed profit of the year. The ratio of distributions of cash dividends shall not to be lower than 15% of the total amounts of dividends, and the remaining will issue stock dividends.

Article 31:

1. The Board of Directors is authorized to resolve Directors' remuneration in accordance to related industry standard. Payments to directors are rewards for their duty performance, regardless of the loss
2. Amount of transportation allowances for directors shall be resolved by the Board of Directors.

Article 31-1:

Within the business scope and the term of appointment, the Company may obtain liability insurance for the directors and related managing personnel.

SECTION Six Addenda

Article 32:

The organization and the detailed standard operational procedures of this Company are to be provided otherwise.

Article 33:

Matters not addressed in these Articles of Incorporation shall be governed by the Company act.

Article 34:

These Articles of Incorporation are agreed to and signed on November 26, 1984 by all the promoters of the Company

The first amendment was made on April 10, 1986.

The second amendment was made on July 25, 1990.

The third amendment was made on September 30 1990.

The fourth amendment was made on October 18, 1990.

The fifth amendment was made on January 29, 1991.

The sixth amendment was made on April 30, 1992.

The seventh amendment was made on February 28, 1995.

The eighth amendment was made on February 15, 1996.

The ninth amendment was made on May 15, 1997.

The tenth amendment was made on July 25, 1997.

The eleventh amendment was made on November 14, 1997.
The twelfth amendment was made on April 30, 1998.
The thirteenth amendment was made on November 15, 1999.
The fourteenth amendment was made on May 31, 2000.
The fifteenth amendment was made on May 2, 2001.
The sixteenth amendment was made on June 27, 2002.
The seventeenth amendment was made on June 17, 2003.
The eighteenth amendment was made on June 14, 2005.
The nineteenth amendment was made on June 14, 2006.
The twentieth amendment was made on June 22, 2007.
The twenty-first amendment was made on June 13, 2008.
The twenty-second amendment was made on May 11, 2010.
The twenty-third amendment was made on April 21, 2011.
The twenty-four amendment was made on June 27, 2012.
The twenty-five amendment was made on June 18, 2013.
The twenty-six amendment was made on June 10, 2015.
The twenty-seven amendment was made on June 16, 2016.
The twenty-eight amendment was made on June 15, 2017.
The twenty-ninth amendment was made on June 13, 2019.
The thirty amendment was made on June 10, 2020.

TAIWAN PAIHO LIMITED

Chairman: Sen-Mei Cheng

TAIWAN PAIHO LIMITED

Procedures for the Acquisition or Disposal of Assets

(Original Version)

(The “Procedures”)

Adopted by Shareholders’ Meeting on June 13, 2019

Article 1:

The Procedure is adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition or Disposal of Assets by Public Companies relevant regulations.

Article 2 :

The term “assets” includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, fund securities, depositary receipts, call (put) warrants, beneficiary interest securities, and asset-based securities.
2. Real estate (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patent, copyright, trademark, franchise right, 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 through mergers, spin - off, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3 :

Appraisal procedures for Company's acquisition or disposal of assets are as follows:

1. For the acquisition or disposal of securities that are traded on stock exchange market or Taipei Exchange, or open-end fund, or original stock subscription, the price shall be determined based on the price of the stock or bond at the time of trading.
2. For the acquisition or disposal of securities that are not traded on stock exchange market or Taipei Exchange,, the price shall be determined in consideration of the net value per

share, the profitability, the potential of future development, market interest rate, face value interest rate of the bond and debtor's creditworthiness, etc. and also in reference to accountants' opinions and the negotiated price at the time of transaction.

3. The proposal department shall report the reason for the acquisition or disposal of real estate, equipment, or right-of-use assets. The financial & execution departments shall be determined in reference to the current value under public announcement, appraised current value, actual transaction price value of real estate, equipment, or right-of-use assets in the vicinity, etc. After inquiry, price comparison and negotiation, if it meets the standards stipulated in Article 10 of the procedures, it shall be valuate by a professional appraisal organization.

Article 4 : Operating Procedures of Acquiring or Disposing Assets

1. The acquisition or disposal of each asset shall be approved and appraised in accordance with the provisions of internal control system of the Company.
2. Operating Procedures of Acquiring or Disposing Securities.
 - (1) Assets include investment of securities shall evaluate reasonably comply with generally accepted accounting principles, and required appropriate provisions for price loss. The financial department shall storage all securities certificates in the safety deposit box after being recorded.
 - (2) Any equity investment and convertible bonds from an original subscription of the stocks or subscriber, the invested company shall issue stocks or bonds to the investors within 30 days accordance with the Company Act. If the recipient is transferred, the transfer of equity should be handled immediately.
3. Operating Procedures of Acquiring or Disposing Real Estate, equipment, or right-of-use assets:
 - (1) If acquiring or disposing meets the standards on real estate, equipment, or right-of-use assets stipulated in Article 10, shall consult with an objective, fair and independent professional appraisal organization and provide appraisal report.
 - (2) After acquiring any real estate, equipment, and right-of-use assets, those who are entitled to insurance the object shall insure immediately, to prevent loss of the Company.
 - (3) After acquiring the assets, shall make registration, management and use immediately.

Article 5 : Level of authorization

1. The acquisition or disposal of short-term securities investment shall approve by general manager. Where if the value exceeds NT\$100 million or 20 percent of the Company's paid-in capital, shall approve by the Board of Directors before implement.
2. The acquisition or disposal of long-term securities investment must approve by Chairman. Where if the value exceeds NT\$100 million or 20 percent of the Company's paid-in

capital, shall approve by the Board of Directors before implement.

3. The acquisition or disposal of real estate, equipment, and right-of-use assets must approve by general manager. Where if the value exceeds NT\$100 million, shall approve by the Chairman.

Article 6 : Limits of amount on Investment

The acquisition of real estate and right-of-use assets or security by the Company and the subsidiaries for non-operating purpose, the investment shall not exceed 30% of the Company's total assets. The total amount of security investments shall not exceed 25% of the Company's total assets and the amount in each respective security shall not exceed 20% of the Company's total assets.

The Company's total assets mentioned above, refers to the total assets of the parent company.

The term of the Company's total asset used herein shall be calculated based on the most recent parent company only financial report or individual financial report prepared in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Article 7: Implement department

The financial department will be implements for the long/ short term of securities investment of the Company; the real estate, equipment, or right-of-use assets will be implements by the usage department and relevant authority department.

Article 8: The standards for public announcement and report

Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, public announcement and report relevant information on the FSC's (Financial Supervisory Commission) designated website in the appropriate format as prescribed by regulations within the time limit counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real estate or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets from or to a related party where the transaction amount exceed 20% of this Company's paid-in capital, 10% of this Company's total assets, or NT\$300 million; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trusts;
2. Merger, spin-off, acquisition or share transfer;
3. Accordance to the regulations and "Procedures for Financial Derivatives Transactions" set out by the Company, losses from derivatives trading reaching the limits on aggregate

losses or losses on individual contracts.

4. Acquisition or disposal of operation-purpose equipment or right-of-use assets with non-related parties in an amount exceeds NT\$500 million or more.
5. Acquisition or disposal of real estate or right-of-use assets for construction use with non-related parties in an amount exceeds NT\$500 million or more.
6. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by this Company, distribution of building under joint construction project, distribution of profit under joint construction project, or selling building under joint construction project, and furthermore the transaction counterparty is not a related party and the amount the Company expects to invest in transaction exceeds NT\$500 million or more.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution or an investment in the mainland China area exceeds 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.
 - (2) Securities trading by investment professionals on securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of 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 company, in accordance with the rules of the Taipei Exchange.
 - (3) Trading of bonds under repurchase/ resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trusts.

The “transaction amount” referred to above shall be calculated as follows:

1. The amount of each single transaction.
2. The accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year.
3. The accumulated amount for acquisition or disposal (acquisition and disposal should be cumulated separately) of real estate or right-of-use assets under the same development project within one year.
4. The accumulated amount for acquisition or disposal (acquisition and disposal should be cumulated separately) of the same security within one year.

“Within one year” as used in the preceding paragraph refers to one year preceding the Date of the Event of the subject acquisition or disposal of assets. Transactions that have been previously published in accordance with the Procedures should be excluded.

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

According to the regulation, all items should be again publicly announced required within two days from the date the Company becomes aware of any error or incompleteness therein.

The contracts, memorandum, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with this Company’s acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company for at least five years.

“Related Parties” used herein should mean the companies meeting with the definition stipulated in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

Article 9: Public announcement and regulatory filing procedures

Where any of the following circumstances occurs with respect to a transaction that company has already publicly announced and reported in accordance with the preceding article 8, a public report of relevant information shall be made on the information reporting website designated by the FSC within the time limit prescribed counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 10:

Except transactions with domestic government institutions, contracting third parties to construct on land owned or rented by this Company, acquisition and disposal of equipment or right-of-use assets for operation purpose, for acquisition or disposal of real estate, equipment or right-of-use assets by this Company whose amount exceed 20% of the Company’s paid-in capital or NT\$300 million, an appraisal report issued by Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:

1. If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board in advance. The same procedures shall also be followed in case the transaction terms and conditions are changed subsequently.
2. If the transaction price is over NT\$ 1 billion, this Company should retain at least two Professional Appraisers to perform the appraisal.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, the Company should request a certified public accountant in accordance to the ROC Accounting Research and Development Foundation (ARDF) to perform the appraisal with the provision of Statement of Auditing Standard No.20 and comment on the reason for the discrepancy and the fairness of the transaction price:
 - (1) The discrepancy between the result of the appraisal report of professional appraiser and the transaction price exceeds 20%,
 - (2) The discrepancy between the two appraisal reports is over 10% of the transaction price.
4. The appraisal report should be issued within 3 months before the contract date; provided that if the object's publicly announced value is still the same and the appraisal report was issued no longer than 6 months, the original professional appraiser may present supplemental opinions.

Except where limited price, specified price, or special price is employed by construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.

Article 11:

Before the Date of the Event of the acquisition or disposal of securities, the latest financial statements of the object company audited or reviewed by certified public accountant should be acquired for the assessment and reference of transaction price. Should the transaction price reaches 20% of this Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price have to be sought from certified public accountant before the Date of the Event of the subject acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20 by the ROC Accounting Research and Development Foundation (ARDF); provided however, these requirements are not applicable if such securities have a public price from an active market or

if the regulatory authorities require otherwise.

Article 12:

If this Company's acquisition or disposal of intangible assets or right-of-use assets or memberships reaches 20% of this Company's paid-in capital or NT\$300 million, excluding transactions with domestic government agency(ies), opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the Date of the Event of the subject acquisition or disposal of assets. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 by the ROC Accounting Research and Development Foundation (ARDF).

Article 12-1:

The calculation of the transaction price referred in Article 10, 11 and 12, shall be done in accordance with Article 8-1 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion by the certified public accountant has been obtained need not be counted toward the transaction price.

Article 13:

For acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.

Article 14:

Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom this Company has acquired appraisal reports and opinions from, shall meet the following requirements:

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 sentence, 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 appraisal 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 collected, 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 that they have complied with applicable laws and regulations.

Article 15:

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% of the Company's total assets, this Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions.

The calculation of the transaction price referred to in the preceding paragraph shall be done in accordance with Article 12-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 16:

If this Company intends to acquire or dispose of real estate or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets from or to a related party and the transaction amount reaches 20% of this Company's paid-in capital, 10% of this Company's total assets, or NT\$300 million, except for trading of domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming domestic money market funds issued by securities investment trusts, this Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
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 from a related party, information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with applicable regulations.
4. The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to this 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 an opinion by the certified public accountant obtained in compliance with the article 15.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8 herein, and "within one year" refers to one year preceding the date of event of the current transaction. Items that have been previously approved by the board of directors need not be counted toward the transaction amount.

With respect to the Company, subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital that engaged in the following transactions with each other, the company's board of directors may pursuant to Article 5 delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified at the next Board meeting:

1. Acquisition or disposal of operation-purpose equipment or right-of-use assets.
2. Acquisition or disposal of operation-purpose real estate or right-of-use assets.

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 17:

The Company that acquires real estate or right-of-use assets from a related party shall evaluate the reasonableness of the transaction costs by the following means:

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

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

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real estate or right-of-use assets from a related party and appraises the cost of the real estate in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the company acquires real estate or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 16 and the preceding three paragraphs do not apply:

1. The related party acquired the real estate or right-of-use assets through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets to the signing date for the current transaction.
3. 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 on rented land.
4. The real estate right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 17-1:

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the Article 17 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. 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 has been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price.

The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard estate market practices or leasing practices.
2. Where the company acquiring real estate or obtaining real estate right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land 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 the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate or obtainment of the right-of-use assets.

Article 18

Where the acquires real estate or right-of-use assets from a related party and the results of appraisals conducted in accordance with Article 17 and Article 17-1 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with the provisions 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 company, then the special reserve called for under the provisions shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Independent Directors shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to preceding two subparagraphs shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has

been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

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

Article 19:

The Company financial derivatives transactions shall be in compliance with the Company's "Procedures for Financial Derivatives Transactions," shall pay attention to risk management and auditing matters to implement internal control system.

Article 20:

The Company that conducts a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to in preceding paragraph when sending shareholders notification of the Shareholders' Meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts a 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 publicly explain the reason, the subsequent processing, and the preliminary date of the next Shareholders' Meeting.

Article 21:

A company 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.

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

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

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

When the Company participating in a merger, spin-off, acquisition, or transfer of another company's shares, within the time limit prescribed counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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

Article 22:

Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not

disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.

Article 23:

The Company participating in a merger, spin-off, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price 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:

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

The contract for participation by the Company in a merger, spin-off, acquisition, or of shares shall specify the rights and obligations of the companies participating in the merger, spin-off, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.

6. Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 23-1

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.

Article 23-2

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company in accordance with the provisions of Article 21, Article 22, and Article 23-1.

Article 24: Regulation of subsidiaries on acquisition or disposal of assets.

1. Acquisition or disposal of assets by the subsidiaries shall handle in compliance with these procedures.
2. If the acquisition or disposal of assets by this Company's Subsidiary reaches the reporting standard specified in Article 8 hereof and such Subsidiary is not a domestic public company, this Company should publish and report for such Subsidiary.
3. In the event of subsidiary's announcement and report standards, the term "paid-in capital or total assets" stipulated refers to the Parent Company's paid-in capital or total asset.

The term "Subsidiaries" and "Parent Company used herein shall meet with the definition stipulated in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Article 24-1:

For the calculation of 10 percent of total assets under these 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 Securities Issuers" shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 25: Penalties

If any of the Company's managers or personnel in charge violates this Procedure, the person will receive penalties commensurate with the severity of such violation according to the Company's working rules.

Article 26: effective date

The Procedure shall be approved by more than half of all members of the Audit Committee and the Board of Directors, and report to the Shareholders' Meeting for approval. Any amendment is subject to the same procedures.

TAIWAN PAIHO LIMITED
Rules and Procedures for Shareholders' Meetings
(Original Version)

Adopted by shareholders' meeting on July 8, 2021

1. The rules and procedures for the Shareholders' Meeting of the Company, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
2. This Company shall process the notices to shareholders' meeting, the subject issues and explanation, notice or upload them to the Market Observation Post System website before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a extraordinary shareholders meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

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 company, or any matter under Article 185, paragraph 1 of the "Company Act," or others in accordance to relevant regulations or articles of incorporation shall be itemized in the causes and subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as an extemporary motions.

A handbook shall be prepared for the convention of shareholders meeting. This handbook and other materials for the meeting shall be publicly announced in compliance with the regulations of the competent authority.

The time and method of the public announcement mentioned in the foregoing paragraph, the main items stated in the meeting handbook, and other compliance requirements shall in all cases be as prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Handbooks of Public Companies."

The shareholders' meeting has convened a general re-election of directors, and stated the date of appointment. After the re-election of the shareholders' meeting, the same meeting may not change its appointment date by extemporary motion or other means.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a proposal for discussion at a regular shareholders' meeting. But provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

Prior to the book closure date before a regular shareholders' meeting is held, this Company shall publicly announce that it will receive shareholder proposals in writing, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not exceeds 300 characters in length. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Unless any of the following circumstances apply, the proposal raised by the shareholders, the Board of Directors shall included in the agenda:

- (1) The proposal is not a matter that may be resolved at the annual general meeting.
- (2) The proposing shareholder holds less than 1% of issued shares at the time when the share transfer registration is suspended by the Company in accordance with the provisions set out in Paragraph 2 or Paragraph 3, Article 165 of "Company Act" .
- (3) The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph.
- (4) Where the said proposal containing exceeds 300 characters in length or more than one proposal.

A shareholder proposal proposed under Paragraph 6 for urging a company to promote public interests or fulfill its social responsibilities may still be included in the agenda.

Prior to the date for issuance of notice of a shareholders' meeting, this Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to any shareholder proposals not included in the meeting agenda, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

3. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairman shall call the meeting to order at the appointed meeting time, and announce the shares without voting rights and the attendance of the shareholders and the voting shares represented. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the "Company Act;" all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the "Company Act."

4. The venue for a shareholders meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
5. If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of chairman, his proxy shall be handled in accordance with Paragraph 3 of Article 208 of the "Company Act."

It is advisable that shareholders' meeting convened by the board of directors be chaired by the chairman of the board in person and attended by a majority of the directors (including at least one independent director) and convener of the audit committee, attend in person, and at least one member of other functional committees on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

6. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

7. The Company shall make an audio or video recording of the entire proceedings of the shareholders' meeting, and shall preserve the recording for at least one year. If, however, a shareholder initiates a lawsuit in accordance with Article 189 of the "Company Act," such a recording shall be preserved until the conclusion of the lawsuit.

8. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

9. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Related motions shall vote case by case (including extemporary motions and amendments to the original motions). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Apart from the circumstances in the foregoing paragraph, after a meeting has adjourned, shareholders may not further select a chairman and continue the meeting at the original site or some other location.

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

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

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

11. Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.

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

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

12. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the list of winners to the seats of Directors, the votes the candidates earned, and the list of candidates not elected to the seats of Directors and the votes they earned.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the “Company Act,” the ballots shall be retained until the conclusion of the litigation.

13. On the day of a shareholders meeting, this Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

14. The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporaneous motions put forward by the shareholders; when the Chairman is of the opinion that a proposal has been discussed sufficiently and enough time to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

15. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of this Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

16. When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extemporary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the “Company Act” .

17. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the “Company Act.”

When this Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights by correspondence or electronic means, when voting rights are exercised by correspondence or electronic means, the method of exercise and related matters shall be handled in accordance with the provisions of the “Company Act” and the competent authorities.

Except as otherwise provided in the “Company Act” and in this Company's “articles of incorporation,” the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. On the day after shareholders’ meeting, the Company shall place on record the result of the shareholders' for and against votes and their waivers in the Market Observation Post System (MOPS)

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

The chairman shall determine the order for discussion and vote for the proposals made during the extemporary motion session.

18. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System (MOPS).

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the statistical tallies of the numbers of votes). When election of directors, shall disclosed the number of votes for each candidate and shall be retained for the duration of the existence of this Company.

19. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Company, the chairman may prevent the shareholder from so doing.

When a shareholder violates the rules and procedures and defies the chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

20. These procedures shall be effective once approved by of the Audit Committee and the Board of Directors, and after adoption by shareholders meetings. The same applies in case of revision.

TAIWAN PAIHO LIMITED
Operational Procedures for Loaning of Company Funds
(Original Version)
(This “Procedures”)

Adopted by shareholders’ meeting on June 10, 2020

Article 1:

In order to meet the business needs, the Company will have funds loaned to other legal persons or groups that are not shareholders, (hereinafter referred to as the Borrowers,) in accordance with the operating procedures.

Article 2: Reasons and Necessity of Loaning of Funds

The Company may not provide loans to shareholders or other parties unless any of the following circumstances:

1. The Company directly or indirectly invests in an enterprise that has finance and operating decisions controlled by the Company and has short-term financing needs due to business operations.
2. Another company or firm that needs short-term financing for purchasing materials and supplies or business operations.
3. Between to companies or firms that engage in business.
4. Others approved by the Board of Directors of the Company.

Article 3: Application Recipients

1. Engaging in business with the Company or with the firms.
2. For companies or firms with short-term financing requirements from the Company. The term “short-term” shall mean the longer of one year. However, if operating cycle period of the Company is longer than one year, the operating cycle period shall prevail.
3. The loaning of funds between foreign companies that have 100% voting rights held by the Company, or, the loaning of funds from an invested company that has 100% voting rights held by the Company are not subject to the provision of Article 3.2.

Article 4: Application Procedure

The borrower applies to the Company for a loan. An application form should be filled out for a preliminary evaluation of the responsible clerk on the intended fund use and financial position. The responsible departments are:

1. Associates: Handled by the Finance Department.
2. A Subcontractor or Satellite Factory: Handled by the Purchasing Department.

Article 5: Limit of Loan Amount

1. A subcontractor, satellite factory, or an invested company that directly or indirectly with over 50% voting rights held by the Company may apply to the Company for a loan, and the total loaning amount of fund on each borrower is limited to 20% of the Company's net worth.
2. For the loaning of funds arising from a business relationship, the each borrower loan amount should be equivalent to the business transactions amount. The total business amount refers to during the previous 12 months before the loan, whichever is higher on the purchase amount or sale amount of the goods between two parties.
3. The Company's loaning of funds to companies that have 100% of the voting rights held by the Company directly or indirectly are not subject to the provision of paragraph 1. The company engages in loaning of fund to each borrower is limited to 40% of the Company's net worth. Loaning of funds between companies that have 100% voting held by the Company directly or indirectly also not subject to the provision of paragraph 1. The loaning amount on each borrower and the total amount of funds is limited to 100% of the loaning company's worth. However, if the loaning company's registered place is a subsidiary in Taiwan, then the total loan amount is limited to 40% of the loaning company's net worth.
4. The loaning of funds from an invested company that has 100% voting rights held by the Company, the limit of each borrower loaning amount of fund and the total amount shall not exceed 100% of the net worth of the invested company. However, if the loaning company's registered place is a subsidiary in Taiwan, then the total loan amount is limited to 40% of the loaning company's net worth.
5. The Company engages in the loaning of funds from the preceding 3 paragraphs, the total loan amount limited to 40% of the Company's net worth.

Article 6: Credit Investigation and Evaluation of Risks:

1. The responsible department shall conduct credit investigation and perform risk assessment when receiving applications for loans. The assessment items shall include:
 - (1) The necessity and rationality of the loaning of funds.
 - (2) Credit investigation and risk assessment of borrowers.
 - (3) Impact on the Company's operational risk, financial position, and shareholders' equity.
 - (4) The necessity of obtaining collateral and appraisal of the value thereof.

2. Applicants should provide the following information:
 - (1) A photocopy of the incorporation document approved by the competent authorities.
 - (2) Financial statements and production and sales volume and value document.
 - (3) Banking details.
3. If the borrowing period is for more than one year or a new application is filed, in principle, the credit investigation should be performed once a year.
4. If, as a result of a change in circumstances, the borrowing counterparty to which the loan is extended does not meet the requirements of the Procedures, or the loan balance exceeds the limit, such plans shall be submitted to all independent director, and shall be carried out according to the timeframe set out in the plan.
5. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information from implementation of necessary auditing procedures.

Article 7: Scope of Authorization

1. After the credit investigation or evaluation, if the applicant fails to meet the requirements of the Company, the responsible clerk shall inform the applicant that the loan application has been declined as soon as possible.
2. After the credit investigation or evaluation, if the applicant meets the requirements of the Company, the responsible clerk shall draft the loan conditions, which shall be reviewed by the General Manager and authorized by the Board of Directors, and take into account the opinions of the independent directors; also, their consent or opposition and the reasons for their opposition should be included in the minutes of the board meeting. Notify the applicant of the contents.
3. The responsible clerk may not have the loan applicant informed before a decision is resolved by the Board of Directors so to avoid disputes.

Article 8: Insurance

If collateral is a precondition for a loan to be granted, the applicant must acquire insurance for the equivalent value, and the Company should be designated as the beneficiary in order to secure the Company's rights and interests.

Article 9: Term of Financing and Interest-bearing Method

1. Term: The term of the loan is limited to one year. However, if the Company's business cycle is longer than one year, the business cycle shall prevail.
The duration of the following two items on loaning of funds is not subject to the provision of one year or one business cycle, but it may not be for more than six years:
 - (1) The loaning of funds for business transactions.

- (2) The loaning of funds between foreign companies that have 100% of the voting rights held by the Company directly or indirectly.
 - (3) The loaning of funds from an invested company that has 100% voting rights held by the Company.
2. Interest-bearing Method: Consider the appropriate interest rate based on the cost of capital.
3. When capital is lent between the Company and its subsidiary or among subsidiaries of the Company, shall be approval by the Board of Directors, the Chairman may be authorized to proceed with several releases of funds or revolving drawdowns with regard to the same borrower within a certain amount authorized by resolution of the Board of Directors and within the period of one year.

The term "a certain amount" as describe in the preceding paragraph, shall be in addition to the provisions paragraph 3 of article 5, the authorized amount of the company or its subsidiaries shall not exceed ten percent of the net worth of the Company or subsidiaries according to its latest financial statements.

Article 10: Establish a Log Book

The loaning of funds should have a memorandum book prepared for the record of the borrower, loan amount, the Board resolution date, the date of the loaning of funds, and the assessment performed.

Article 11:

The Company's Audit Department shall, at least once per quarter, audit the procedures for loaning funds to others and the state of their implementation, and keep written records accordingly. All independent directors shall be notified immediately in writing if any material violations are discovered. The Company's managers and personnel in charge should be treated as violations if any material violations are discovered.

Article 12: Announcement to public

1. The Company shall, before the tenth day of each month, report its subsidiaries' balance of loans during the previous month.
2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

When a subsidiary of the Company is not a domestic public company, the Company shall perform for the subsidiary on the announcement and reporting tasks as described in the preceding 3 subparagraphs.

Article 13:

When a subsidiary of the Company planning to loan funds to others, the Company shall appointed a subsidiary formulate its loan operating procedures, and shall implement its loans of funds in accordance with its operating procedures.

Article 14: Penalties

If any of the Company's managers or personnel in charge violates this Procedure, the person who violates this Procedure will receive penalties commensurate with the severity of such violation according to the Company's "working rules. "

Article 15:

Matters not covered in the Procedures are handled in accordance with the relevant laws and regulations and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

Article 16:

This Procedure shall be effective once approved by of the Audit Committee and the Board of Director, and after adoption by shareholders meetings. If any directors express an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to the shareholders' meeting for discussion. The same procedures shall apply to any amendments to the Procedures.

The preceding paragraph shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

TAIWAN PAIHO LIMITED

Regulation Governing Making of Endorsements/Guarantees

(This “Regulation”)

Adopted by shareholders’ meeting on June 10, 2020

Article 1:

The term "endorsements/guarantees" as used in these Regulations refers to the following: financing endorsements/guarantees, customs duty endorsement/guarantee, other endorsements/guarantees and any creation of a pledge or mortgage on its chattel or real estate as security for the loans of another company. The term financing endorsements/guarantees including: Bill discount financing. Endorsement or guarantee made to meet the financing needs of another company, Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Article 2:

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, the endorsements guarantees is limited to the following companies:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

The term “Capital contribution” shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

"Subsidiary" and "parent company" as referred to in these Regulations shall be as endorsed by the Competent Authority: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Article 3:

Total amount of endorsements/guarantees of the Company:

1. Total amount of endorsements/guarantees of the Company shall not exceed 150% of the net worth on the latest financial statement. The term "net worth" means the balance sheet equity attributable to the owners of the parent company.
2. The endorsements/guarantees amount as stipulated in Article 2 (2) and Article 2 (3) and the endorsements/guarantees amount between the companies with 100% voting rights held by the Company shall not exceed 100% of the Company's net worth; however, the total amount may not exceed the threshold stipulated in Article 3 (1).
3. Except for the provisions of Articles 2 (4) and 3 (2), the amount of endorsements/guarantees for one single enterprise shall not exceed 5% of the Company's net worth.
4. The total amount of endorsement/guarantees provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company. The total business amount refers to the previous 12 months before Endorsements/Guarantees, whichever is higher on the purchase amount or sale amount of the goods between the parties.
5. The ceilings on the amount permitted to a single entity of the Company and Subsidiary shall not exceed 100% of the Company's net worth.
6. Total amount of endorsements/guarantees of the Company and Subsidiaries as a whole shall not exceed 150% of the Company's net worth on the latest financial statement. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and subsidiaries reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.

Article 4:

The Company's making of endorsements/guarantees is subject to the approval of the Board of Directors, but the Board of Directors may authorize the responsible supervisor of the Company to make a discretionary decision for an amount not exceeding the threshold as stated below and then report it in the board meeting afterward for recognition.

1. Endorsement/guarantee for one single legal person or group is within an amount of NT\$10,000,000.
2. For a subsidiary with over 50% voting rights held by the Company directly and indirectly, it is for an amount equivalent to the Company's shareholding ratio multiplied by not more than 40% of the net worth of the subsidiary.

Before making any endorsement/guarantee pursuant to Article 2, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the independent directors, and shall complete the rectification according to the timeframe set out in the plan.

Article 5:

The Finance Department conducts a credit investigation and a risk assessment on the endorsed/guaranteed company. The assessment items should include:

1. The necessity of and reasonableness of endorsements/guarantees.
2. Assess whether the endorsements/guarantees amount is necessary according to the financial position of the endorsed and guaranteed company.
3. Whether the accumulated endorsements/guarantees amount is still within the limit.
4. If the making of endorsements/guarantees is due to a business relationship, it is necessary to assess whether the endorsement/guarantee amount and the business transaction amount are within the limit.

5. The impact on the Company's business operations, financial condition, and shareholders' equity.
6. Whether security/collateral must be obtained and appraisal of the value thereof.
7. Attach credits status and risk assessment records of the entity for which the endorsements/guarantees is made.
8. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees, in its financial reports and provide certified public accountants with relevant information for the implementation of necessary audit procedures.

Article 6:

The Company should handle the making of endorsements/guarantees with the company seal that is used only for business registration with the Ministry of Economic Affairs, and all other seals are deemed invalid for this purpose.

Said company seal in the preceding paragraph shall be under the safekeeping of a designated person, and the seal for the relevant guarantee notes shall be handled in accordance with the operating procedures prescribed by the Company.

Article 7:

The endorsements/guarantees of the Company is conducted by the Finance Department. The Finance Department shall prepare an "endorsement/guarantee registration book". The financial department's personnel in charge shall record in detail the following information for the record: the subject of the endorsement/ guarantee, the name of the party made for the endorsement/ guarantee, the amount of the endorsement/ guarantee, and the condition and date and reason for discharging the obligation of the endorser / guarantor.

The endorsement/guarantee register in the preceding paragraph shall be kept and recorded by the person in charge designated by the Finance Department.

Article 8:

The clerk responsible for the making of endorsements/guarantees should have the endorsement/guaranteed note and the endorsement/guarantee register submitted to the competent authorities for approval before processing.

Article 9: Guarantees Cancelled.

When the Company has the endorsements/guarantees cancelled, the guaranteed individual should retrieve the issued bills and go through the formalities for cancellation with the responsible clerk, and the cancellation date and reason shall be recorded in the "Endorsement/Guarantee Register."

The responsible clerk shall, on a monthly basis, record the increase and decrease and the balance amount in the “Endorsement/Guarantee Statement” before the 5th day of the following month and then report it to the competent authorities for announcement.

Article 10:

If the endorsement/guarantee bill is presented for payment by the insurance authority or directly applied to pay off debt, the guaranteed individual shall attach the certificate to the Company’s responsible clerk for verification and confirmation, as the basis for the cancellation of the guarantee responsibility.

The cancellation of the aforementioned endorsement/guarantee is subject to the provision stated in the preceding paragraph.

Article 11: Procedures of Public Announcement

The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report by regulations within the time limit counting inclusively from the date of occurrence of the event.

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, carrying amount of the investments accounted for using the equity method, and balance of loans to, such enterprise reaches 30% or more of company's net worth as stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

Article 12: Internal Control

The Company's internal auditors shall audit the “Procedures for Making of Endorsements/Guarantees” and the implementation thereof no less frequently than quarterly

and prepare written records accordingly. They shall promptly notify all the Independent director in writing of any material violation found.

The Company shall comply with these Regulations when making endorsements/guarantees. Any material violation found, punishment being imposed on the managers or personnel in charge.

Article 13:

When a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Regulations for endorsements/guarantees, and it shall comply with the Regulations when making endorsements/guarantees.

Article 14:

If any of the Company's managers or personnel in charge violates this Regulation, the person who violates this Regulation will receive penalties commensurate with the severity of such violation according to the Company's "working rules."

Article 15:

Matters not covered in the Regulations are handled in accordance with the relevant laws and regulations and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

Article 16:

This Regulation and any amendments hereto, shall be effective once approved by of the Audit Committee and the Board of Directors, and after adoption by shareholders' meetings. If any directors express an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to the shareholders' meeting for discussion. The same Regulation shall apply to any amendments to the Regulation.

The preceding paragraph shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Article 17:

For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

As of the book closure date for this shareholders' meeting, Shareholdings of Directors

Date: April 26, 2022

Position	Name	Elected Date	Tenure of office (Year)	Common Shares Held at Previous Election		Current Common Shares Held		Note
				Number of Common Shares	%	Number of Common Shares	%	
Chairman	Sen-Mei Cheng	June 10, 2020	3	4,943,976	1.66%	4,943,976	1.66%	None
Vice Chairman	Yi-Ming Lin	June 10, 2020	3	4,510,976	1.51%	4,510,976	1.51%	None
Director	Representative of Everise Investment Co., Ltd.: Cheng-Wei Cheng	June 10, 2020	3	9,282,856	3.12%	9,282,856	3.12%	None
Director	Hsi-Ming Pai	June 10, 2020	3	697,821	0.23%	697,821	0.23%	None
Director	Yi-Lun Cheng	June 10, 2020	3	2,593,021	0.87%	2,593,021	0.87%	None
Independent Director	Jui-Lin Lo	June 10, 2020	3	0	0.00%	0	0.00%	None
Independent Director	Chung-Cheng Wang	June 10, 2020	3	0	0.00%	0	0.00%	None
Independent Director	Chia-Yu Chen	June 10, 2020	3	0	0.00%	0	0.00%	None
Total				22,028,650	7.39%	22,028,650	7.39%	

Total shares issued as of Jun 10, 2020: 297,963,902 common shares.

Total shares issued as of April 26, 2022: 297,963,902 common shares.

Under the relevant regulations of the ROC, the company's directors are required to hold in the aggregate not less than 12,000,000 shares, As of April 26, 2022, the company's directors together held 22,028,650 shares, consisting of 7.39% of the Company's outstanding shares.

The Company has established an Audit Committee, therefore the minimum shareholding requirement for the supervisors is not applicable.

The Impacts of Stock Dividends Issuance on Business Performance and Earnings Per Share

Unit: NT\$ thousands, except cash dividend per share in New Taiwan Dollars

Item		Year	2022
Beginning Paid-in Capital			\$2,979,639
Dividend Distribution of the Year	Cash dividend per share (NT\$)		3.5
	Stock dividend from retained earnings, number per Share		0
	Stock dividend from capital surplus, number per Share		0
Changes of Business Performance	Profit from operations		Note
	Profit from operations % change over the same period last year		
	Net Profit		
	Net profit % change over the same period last year		
	Earnings Per Share		
	Earnings per share % change over the same period last year		
	Annual average investment return (the reciprocal of the P/E ratio)		
Pro Forma Earnings Per Share and P/E Ratio	If stock dividend from retained earnings were transferred to cash dividends	Pro forma earnings per share (NTD)	
		Pro forma annual investment return	
	If no stock dividend from capital surplus	Pro forma earnings per share (NTD)	
		Pro forma annual investment return	
	If no stock dividend from capital surplus and stock dividend from retained earnings were transferred to cash dividends	Pro forma earnings per share (NTD)	
		Pro forma annual investment return	

Note: The Company is not required to publish its 2022 financial forecasts; therefore, the 2022 forecast data is not available.