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## I. Meeting Procedure

### ICHIA TECHNOLOGIES INC.

#### Procedure for 2022 Regular Shareholders' Meeting

- i. Call the meeting to order
- ii. Chair address
- iii. Report items
- iv. Proposals and discussions
- v. Impromptu motions
- vi. Adjournment

## II. Meeting Agenda

### ICHIA TECHNOLOGIES INC.

#### Agenda for 2022 Regular Shareholders' Meeting

Date: 9 a.m., June 16 (Thursday), 2022

Location: No. 268, Huaya 2nd Rd., Guishan Dist., Taoyuan City  
(The Company's Meeting Room)

Convention: Physical shareholders' meeting

- i. Call the meeting to order
- ii. Chair address
- iii. Report items
  - (i) 2021 Business Report.
  - (ii) 2021 Audit Committee's Audit Report.
  - (iii) Report on distribution of remuneration to employees and directors for 2021.
  - (iv) Report on cash dividends paid from earnings distribution for 2021.
- iv. Proposals and discussions
  - (i). 2021 Business Report and Financial Statements.
  - (ii). 2021 Earnings Distribution.
  - (iii) Amendment to the "Procedure for Acquisition or Disposal of Assets" of the Company.
- v. Impromptu motions
- vi. Adjournment

### III. Report Items

i. 2021 Business Report.

Description: Please refer to Attachment I for the 2021 Business Report. (Please refer to pages 5-6 of this handbook)

ii. 2021 Audit Committee' s Audit Report.

Description: Please refer to Attachment II for 2021 Audit Committee' s Audit Report. (Please refer to page 7 of this handbook)

iii. Report on distribution of remuneration to employees and directors for 2021.

Description: On March 24, 2022, the Company' s Board of Directors resolved to pay \$6,000,000 to employees and \$5,000,000 to directors as 2021 remuneration, all of which was paid in cash, with no difference from the expense recognized in FY2020.

iv. Report on cash dividends paid from earnings distribution for 2021.

Description: On March 24, 2022, the Company' s Board of Directors approved a cash dividend of \$148,768,267 for 2021, with a cash payment of \$0.50 per share based on the shareholders and their shareholding as recorded in the shareholder roster on the base date of the payment.

## IV. Proposals and Discussions

- i. Subject: 2021 business report and financial statements. (Submitted by the Board)
- Description: (i) The Company's stand-alone financial statements and consolidated financial statements for the year ended December 31, 2021 have been audited by CPA Steven Hsieh and CPA Liu Shu-Lin of Deloitte & Touche, who have issued an audit report with an unqualified opinion, and the business report has been audited by the Audit Committee.
- (ii) Please refer to Attachment I and Attachment III for the 2021 business report, independent auditor's audit report and the above financial statements. (Please refer to pages 5-6 and pages 8-27 of this handbook)
- (iii) Please ratify.
- Resolution:
- ii. Subject: 2021 earnings distribution (Submitted by the Board)
- Description: (i) The Company's 2021 earnings distribution proposal was approved by the Board of Directors on March 24, 2022; please refer to Attachment IV for the earnings distribution schedule. (Please refer to page 28 of this handbook)
- (ii) Please ratify.
- Resolution:
- iii. Amendment to the "Procedures for Acquisition or Disposal of Assets" of the Company. (Submitted by the Board)
- Description: (i) To be in line with the amendments to laws and regulations, the Company planned to amend part of the "Procedures for Acquisition or Disposition of Assets" .
- (ii) Please refer to Attachment V for the Comparison Table for Amendments of "Procedure for Acquisition and Disposal of Assets" . (Please refer to pages 29-34 of this handbook)
- (iii) Please discuss.
- Resolution:

## V. Impromptu Motions

## VI. Adjournment

# ICHIA TECHNOLOGIES INC.

## 2021 Business Report

### i. Implementation of Business Plan

(Unit: NTD thousand; Net Profits (Losses)  
After Tax per Share in NTD)

Item	2020	2021	Increase (decrease) percentage (%)
Net operating revenues	5,502,842	6,478,555	18%
Operating costs	4,758,407	5,674,621	19%
Net operating profits (losses)	195,687	208,110	6%
Non-operating incomes and expenses	(5,674)	59,532	1149%
Net profits (losses) after tax	120,190	222,893	85%
Net profits (losses) after tax per share	0.4	0.75	88%

### ii. Financial receipts and expenditures, and profitability analysis

#### (i) Analysis of financial receipts and expenditures

The Company's operating revenues for 2021 were \$6,478,555 thousand, an increase of \$975,713 thousand, or 18%, from \$5,502,842 thousand in 2019. Net profits after tax for 2021 were \$222,893 thousand, an increase of \$102,703 thousand from net profits after tax of \$120,190 thousand for 2020.

#### (ii) Profitability analysis

Item		2020	2021
Capital structure (%)	Debts to total assets ratio	39.71	36.77
	Long-term capital to property, plant, and equipment ratio	210.56	230.36
Solvency (%)	Current ratio	170.34	206.08
	Quick ratio	141.43	165.38
	Times interest earned ratio	13.58	22.22
Profitability (%)	Return on assets	1.47	2.52
	Return on equity	2.08	3.90
	Net profit margin	2.18	3.44
	EPS (NT\$)	0.40	0.75

### iii. Research and development

#### (i) Mechanism integrated components (MVI)

Manufacturers that have international design and production capabilities and can provide customers with one-stop shopping will be the future trends in addition to compliance with green environmental protection requirements. In addition to establishing a global design and supply system in response to customer needs, the Company provides design solutions for the vertical integration of mechanisms and

electronics through international production and sales collaboration to enhance overall competitiveness.

Technology or product developed successfully:

- A. Development and manufacturing of liquid silicon (silicone) rubber two-color molding and waterproof mechanism components.
- B. Multi-functional mechanism module combining optical/electronic technology/metal shrapnel, flexible circuit printed board applications.
- C. Smart wearable devices, mobile accessories product development and manufacturing.
- D. Automotive component module development and manufacturing.
- E. Plastic mechanism combined with capacitive switch module development.

(ii) Flexible printed circuit board (FPC)

With the rise of cloud technology in the Internet of Things, FPC has been widely used in smartphones, devices for accessing big data, wearable applications, and in-vehicle products, and is overtaking other products at a breakthrough speed. The advance of technology has led to the expansion of the functions of various products, but the trend of thin and light products has led to an explosive increase in demand for the FPC industry.

In recent years, international cell phone brands such as Apple, Samsung, and emerging markets such as China have maintained growth in smartphone sales, while wearable applications have also created a boom in the industry, injecting new life into the touch panel, optical lens, and wireless communication industries. It is expected that smartphones, wearable products, in-vehicle FPC and IoT Smart Home applications will be the main business activities in the coming years.

Technology or product developed successfully:

- A. 10/10um fine line D/S COF technology development.
- B. 25/25um MSAP fine line FPC technology development.
- C. Development of FPC for automotive communication, video display and control.
- D. Wearable eyeglasses, watch, bracelet FPC development.
- E. TDDI application, SOF integration module development.
- F. Development of FPC for 5G optical communication signal connection.
- G. 3D touch FPC development.
- H. CCM & OLED flexible and rigid laminate development.
- I. Heat sink (PIVC) FPC development.

Corporate director:  
Creative Investment Co., Ltd.

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

Representative:  
Huang Chiu-Yung

## **Audit Committee’ s Audit Report**

The Company’ s Board of Directors prepared the 2021 financial statements. Deloitte & Touche has audited the 2010 financial statements and issued an audit report. The above-mentioned business report, financial statements and earnings distribution proposal have been examined by the Audit Committee and are found to be in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To:

2022 Regular Shareholders’ Meeting of ICHIA TECHNOLOGIES INC.

Audit Committee convener: Huang Chin-Ming

March 24, 2022





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## **Independent Auditor' s Report**

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC.:

### **Audit opinions**

We audited the separate balance sheet of ICHIA TECHNOLOGIES INC. as of December 31, 2021 and 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the period from January 1 to December 31, 2021 and 2020, and the notes to stand-alone financial statements (including the summary of significant accounting policies).

In our opinion, the stand-alone financial statements referred to above present fairly, in all material respects, the stand-alone financial position of ICHIA TECHNOLOGIES INC. as of December 31, 2021 and 2020, and its stand-alone financial performance and cash flows for the years ended December 31 2021 and 2020, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

### **Basis for opinions**

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the stand-alone financial statements. We are independent of ICHIA TECHNOLOGIES INC. in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 stand-alone financial statements of ICHIA TECHNOLOGIES INC. These matters were addressed in the content of our audit of the stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 stand-alone financial statements of ICHIA TECHNOLOGIES INC. were as follows:

Authenticity of revenues recognized from sales to specific customers

ICHIA TECHNOLOGIES INC. manufactures a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the automotive and consumer electronics markets. The sales revenue is a major indicator for the management to evaluate the sales performance. Since the sales revenue from major customers occupies a substantial percentage of the overall sales revenues, the authenticity of the sales revenues recognized from sales to major customers with more significant changes in the increase and proportion of the sales revenue is included as key audit matters in this year's stand-alone financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Conduct random inspection of the sales revenue from major customers and check relevant certificates and documents to make sure of the authenticity of the recognition.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

**Responsibilities of management and those in charge with governance of the stand-alone financial statements**

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

In preparing the stand-alone financial statements, the management is also responsible for assessing the ability of ICHIA TECHNOLOGIES INC. as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate ICHIA TECHNOLOGIES INC. or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC.

**Auditor's responsibilities for the audit of the stand-alone financial statements**

Our objectives are to obtain reasonable assurance about whether the stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, if they could reasonably be expected to influence the economic decisions of users taken on the basis of these stand-alone financial statements.

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

1. Identify and assess the risks of material misstatement of the stand-alone financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in ICHIA TECHNOLOGIES INC.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the stand-alone financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause ICHIA TECHNOLOGIES INC. to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the stand-alone financial statements, including related notes, and whether the stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of ICHIA TECHNOLOGIES INC. to express an opinion on the stand-alone financial statements. We are responsible for the direction, supervision, and performance of the audit of ICHIA TECHNOLOGIES INC. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2021 stand-alone financial statements of ICHIA TECHNOLOGIES INC. and are therefore the key audit matters. We describe these matters in our auditor' s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

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

Deloitte Touche Tohmatsu Limited  
CPA: Steven Hsieh

CPA: Liu Shu-Lin

Financial Supervisory Commission approval  
document  
Jin-Guan-Zheng-Shen-Zi No. 1000028068

Financial Supervisory Commission approval  
document  
Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 24, 2022

ICHIA TECHNOLOGIES INC.  
Stand-alone Balance Sheet  
December 31, 2021 and 2020

Unit: NTD thousands

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 716,492	8	\$ 1,141,628	13
1110	Financial assets measured at fair value through profit or loss - current (Notes 4 and 7)	120,019	1	20,001	-
1150	Notes receivable (Notes 4 and 9)	42	-	-	-
1170	Accounts receivable - non-related parties (Note 4 and 9)	1,388,801	16	1,501,163	17
1180	Accounts receivable - related parties (Notes 4, 9 and 26)	-	-	1,707	-
1210	Other receivables - related party (Note 26)	35,592	1	41,693	-
1220	Current income tax assets (Note 22)	120	-	612	-
130X	Inventories (Notes 4 and 10)	69,268	1	92,094	1
1470	Other current assets (Note 14)	<u>24,885</u>	<u>-</u>	<u>29,894</u>	<u>-</u>
11XX	Total current assets	<u>2,355,219</u>	<u>27</u>	<u>2,828,792</u>	<u>31</u>
	Noncurrent assets				
1535	Financial assets measured at amortized cost - non-current (Notes 4 and 8)	106,226	1	126,599	1
1550	Investment accounted for under the equity method (Notes 4 and 11)	5,205,699	61	5,104,379	57
1600	Property, plant and equipment (Notes 4 and 12)	815,796	10	852,685	9
1755	Right of use assets (Note 4 and 13)	1,923	-	3,205	-
1840	Deferred income tax assets (Notes 4 and 22)	39,336	1	59,883	1
1975	Net defined benefit Asset -non-current (Notes 4 and 18)	15,022	-	19,789	-
1990	Other non-current assets (Note 14)	<u>31,418</u>	<u>-</u>	<u>43,959</u>	<u>1</u>
15XX	Total non-current assets	<u>6,215,420</u>	<u>73</u>	<u>6,210,499</u>	<u>69</u>
1XXX	Total assets	<u>\$ 8,570,639</u>	<u>100</u>	<u>\$ 9,039,291</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4 and 15)	\$ 479,480	6	\$ 981,960	11
2170	Accounts payable - non-related parties (Note 16)	114,550	1	92,083	1
2180	Accounts payable - related parties (Notes 16 and 26)	1,255,770	15	1,518,933	17
2130	Contract liabilities - current (Note 20)	4,291	-	2,747	-
2200	Other payables (Note 17)	57,238	1	48,693	-
2220	Other payables - related party (Note 26)	368,144	4	378,784	4
2280	Lease liabilities - current (Notes 4 and 13)	1,298	-	1,266	-
2320	Long-term loans maturing within one year or operating cycle (Notes 4 and 15)	-	-	167,191	2
2399	Other current liabilities (Note 17)	<u>3,220</u>	<u>-</u>	<u>9,015</u>	<u>-</u>
21XX	Total current liabilities	<u>2,283,991</u>	<u>27</u>	<u>3,200,672</u>	<u>35</u>
	Non-current liabilities				
2541	Long-term loans (Notes 4 and 15)	345,000	4	126,527	2
2542	Long-term notes payable (Note 15)	199,935	2	-	-
2570	Deferred income tax liabilities (Notes 4 and 22)	8,466	-	5,339	-
2580	Lease liabilities - non-current (Notes 4 and 13)	661	-	1,959	-
2670	Other non-current liabilities (Note 17)	<u>341</u>	<u>-</u>	<u>1,310</u>	<u>-</u>
25XX	Total non-current liabilities	<u>554,403</u>	<u>6</u>	<u>135,135</u>	<u>2</u>
2XXX	Total liabilities	<u>2,838,394</u>	<u>33</u>	<u>3,335,807</u>	<u>37</u>
	Other equity (Note 19)				
3110	Common stock	<u>3,075,366</u>	<u>36</u>	<u>3,075,366</u>	<u>34</u>
3200	Capital surplus	<u>2,054,098</u>	<u>24</u>	<u>2,086,827</u>	<u>23</u>
	Retained earnings				
3310	Legal reserve	585,590	7	573,593	6
3320	Special reserve	295,397	3	335,706	4
3350	Undistributed earnings	<u>219,013</u>	<u>3</u>	<u>88,717</u>	<u>1</u>
3300	Total retained earnings	<u>1,100,000</u>	<u>13</u>	<u>998,016</u>	<u>11</u>
3490	Other equities	( <u>335,891</u> )	( <u>4</u> )	( <u>295,397</u> )	( <u>3</u> )
3500	Treasury stock	( <u>161,328</u> )	( <u>2</u> )	( <u>161,328</u> )	( <u>2</u> )
3XXX	Total equity	<u>5,732,245</u>	<u>67</u>	<u>5,703,484</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 8,570,639</u>	<u>100</u>	<u>\$ 9,039,291</u>	<u>100</u>

The attached notes are part of the stand-alone financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

Representative:  
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC.  
Stand-alone Comprehensive Income Statement  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand;  
earnings per share: NTD dollar

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenues				
4110	Sales revenue (Note 4, 21 and 26)	\$ 4,012,717	100	\$ 3,681,833	101
4170	Sales return	( 1,661 )	-	( 4,973 )	-
4190	Sales discounts and allowances	( 14,380 )	-	( 39,050 )	( 1 )
4000	Total operating revenues	3,996,676	100	3,637,810	100
5000	Operating costs (Note 4, 10, 21 and 26)	3,718,828	93	3,367,296	93
5900	Operating gross profits	277,848	7	270,514	7
	Operating expenses (Notes 21 and 26)				
6100	Promotional expenses	48,390	1	40,920	1
6200	Administrative expenses	103,365	3	113,026	3
6300	R&D expenses	19,527	-	13,177	-
6450	Expected profit on reversal of credit impairment	( 4,100 )	-	( 12,398 )	-
6000	Total operating expenses	167,182	4	154,725	4
6900	Operating income	110,666	3	115,789	3
	Non-operating incomes and expenses (Notes 21 and 26)				
7100	Interest incomes	528	-	1,755	-
7190	Other incomes	4,037	-	15,046	-
7020	Other gains and losses	( 469 )	-	( 33,633 )	( 1 )
7050	Financial costs	( 9,799 )	-	( 10,623 )	-
7070	Share of profit/loss of subsidiaries under the equity method	141,814	3	67,076	2
7000	Total non-operating revenues and expenses	136,111	3	39,621	1

(Continued on next page)

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net profits before tax	\$ 246,777	6	\$ 155,410	4
7950	Income tax expenses (Notes 4 and 22)	( 23,884 )	( 1 )	( 35,220 )	( 1 )
8200	Net profits for the year	<u>222,893</u>	<u>5</u>	<u>120,190</u>	<u>3</u>
	Other comprehensive income				
8310	Titles not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 18)	( 4,870 )	-	( 220 )	-
8360	Titles likely to be reclassified to profit or loss subsequently:				
8361	Exchange differences in the financial statement translation of foreign operations	( 40,494 )	( 1 )	40,309	1
8300	Other comprehensive income (after tax) in the year	( 45,364 )	( 1 )	40,089	1
8500	Total comprehensive income in the current year	<u>\$ 177,529</u>	<u>4</u>	<u>\$ 160,279</u>	<u>4</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 0.75</u>		<u>\$ 0.40</u>	
9810	Diluted	<u>\$ 0.75</u>		<u>\$ 0.39</u>	

The attached notes are part of the stand-alone financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Representative:  
Huang Chiu-Yung

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

ICHIA TECHNOLOGIES INC.  
Stand-alone Statement of Changes in Equity  
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		Common stock		Retained earnings			Other equity	Treasury stock	Total equity
		Number of shares (thousand shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences in the financial statement translation of foreign operations	
A1	Balance as of January 1, 2020	307,536	\$ 3,075,366	\$ 2,163,711	\$ 550,914	\$ 137,012	\$ 267,004	( \$ 335,706 )	\$ 5,858,301
	Allocation and distribution of earnings in 2019								
B1	Legal reserve	-	-	-	22,679	-	( 22,679 )	-	-
B3	Earnings set aside as a special reserve	-	-	-	-	198,694	( 198,694 )	-	-
B5	Cash dividend for shareholders	-	-	( 76,884 )	-	-	( 76,884 )	-	( 153,768 )
L1	Purchase of treasury stock	-	-	-	-	-	-	( 161,328 )	( 161,328 )
D1	Net profit in 2020	-	-	-	-	-	120,190	-	120,190
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	( 220 )	40,309	40,089
D5	Total comprehensive income in 2020	-	-	-	-	-	119,970	40,309	160,279
Z1	Balance as of December 31, 2020	307,536	3,075,366	2,086,827	573,593	335,706	88,717	( 295,397 )	5,703,484
	Allocation and distribution of earnings in 2020								
B1	Legal reserve	-	-	-	11,997	-	( 11,997 )	-	-
B5	Cash dividend for shareholders	-	-	( 32,729 )	-	-	( 116,039 )	-	( 148,768 )
B17	Reversal of special reserve	-	-	-	-	( 40,309 )	40,309	-	-
D1	Net profit for 2021	-	-	-	-	-	222,893	-	222,893
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	( 4,870 )	( 40,494 )	( 45,364 )
D5	Total comprehensive income in 2021	-	-	-	-	-	218,023	( 40,494 )	177,529
Z1	Balance on December 31, 2021	<u>307,536</u>	<u>\$ 3,075,366</u>	<u>\$ 2,054,098</u>	<u>\$ 585,590</u>	<u>\$ 295,397</u>	<u>\$ 219,013</u>	( <u>\$ 335,891</u> )	<u>\$ 5,732,245</u>

The attached notes are part of the stand-alone financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Representative:  
Huang Chiu-Yung

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi



ICHIA TECHNOLOGIES INC.  
Stand-alone Cash Flow Statement  
January 1 to December 31, 2021 and 2020

		Unit: NTD thousands	
Code		2021	2020
	Cash flow from operating activities		
A10000	Profit before tax for the year	\$ 246,777	\$ 155,410
A20010	Profit and loss items		
A20300	Expected profit on reversal of credit impairment	( 4,100 )	( 12,398 )
A20100	Depreciation expense	101,715	101,186
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	( 104 )	( 688 )
A20900	Financial costs	9,799	10,623
A21200	Interest incomes	( 528 )	( 1,755 )
A23700	Inventory devaluation and obsolescence loss (gain from price recovery)	634	( 9,782 )
A22400	Share of profit/loss of subsidiaries recognized under the equity method	( 141,814 )	( 67,076 )
A22500	Gain on disposal and scrapping of property, plant, and equipment	( 1,051 )	( 2,239 )
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 42 )	-
A31150	Accounts receivable	118,169	( 90,201 )
A31180	Other receivables	6,101	( 5,063 )
A31200	Inventories	22,192	2,425
A31240	Other current assets	5,198	2,910
A31990	Other operating assets	( 103 )	( 143 )
A32125	Contract liabilities	1,544	1,557
A32150	Accounts payable	( 240,696 )	419,688
A32180	Other payables	8,594	1,239
A32230	Other current liabilities	( 5,795 )	2,553
A33000	Cash generated from operations	126,490	508,246
A33100	Interest received	511	1,779
A33300	Interest paid	( 9,913 )	( 12,682 )
A33500	Refunded (paid) income tax	282	( 11,003 )
AAAA	Net cash inflow from operating activities	<u>117,370</u>	<u>486,340</u>

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Code		2021	2020
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	\$ -	( \$ 124,532 )
B00050	Disposal of financial assets measured at amortized cost	20,373	-
B00100	Acquisition of financial assets measured at fair value through profit or loss	( 240,000 )	( 170,000 )
B00200	Disposal of financial assets measured at fair value through profit or loss	140,086	221,734
B02700	Purchase of property, plants, and equipment	( 24,496 )	( 17,303 )
B02800	Disposal of property, plant, and equipment	230	2,101
B03700	Increase in refundable deposit	( 15 )	( 1,531 )
B06700	Increase in other non-current assets	-	( 1,192 )
B06800	Decrease in other non-current assets	1,065	-
B07100	Increase in prepayments for equipment	( 27,877 )	( 49,669 )
B07600	Dividend of subsidiaries received	-	147,400
BBBB	Net cash inflow (outflow) from investment activities	( 130,634 )	7,008
	Cash flows from financing activities		
C00100	Increase in short-term loans	3,577,503	4,407,020
C00200	Decrease in short-term loans	( 4,079,983 )	( 3,825,060 )
C01600	Borrowing of long-term loan	345,000	-
C01700	Repayment of long-term loans	( 293,718 )	( 165,344 )
C01800	Increase in long-term note payables	200,000	-
C03800	Decrease of other payables – related parties	( 10,640 )	( 112,050 )
C04020	Repayment of principal for lease	( 1,266 )	( 621 )
C04500	Distribution of cash dividends	( 148,768 )	( 153,768 )
C04900	Repurchase cost of treasury stock	-	( 161,328 )
CCCC	Net cash outflow from financing activities	( 411,872 )	( 11,151 )
EEEE	Net increase (decrease) in cash and cash equivalents	( 425,136 )	482,197
E00100	Balance of cash and cash equivalents - beginning of the year	1,141,628	659,431
E00200	Balance of cash and cash equivalents - end of year	\$ 716,492	\$ 1,141,628

The attached notes are part of the stand-alone financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

Representative:  
Huang Chiu-Yung

## **Independent Auditor' s Report**

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC.:

### **Audit opinions**

We have audited the accompanying consolidated balance sheet of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2021 and 2020, and the related consolidated comprehensive income statements, consolidated statement of changes in shareholders' equity, consolidated cash flow statements, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations issued by the Financial Supervisory Commission.

### **Basis for opinions**

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of ICHIA TECHNOLOGIES INC. and subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries were as follows:

Authenticity of revenues recognized from sales to specific customers

ICHIA TECHNOLOGIES INC. and subsidiaries manufacture a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the automotive and consumer electronics markets. The sales revenue is a major indicator for the management to evaluate the sales performance. Since the sales revenue from major customers occupies a substantial percentage of the overall sales revenues, the authenticity of the sales revenues recognized from sales to major customers with more significant changes in the increase and proportion of the sales revenue is included as key audit matters in this year's consolidated financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Conduct random inspection of the sales revenue from major customers and check relevant certificates and documents to make sure of the authenticity of the recognition.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

**Other Matters**

We have also audited the stand-alone financial statements of ICHIA TECHNOLOGIES INC. as of and for the year ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

**Responsibilities of Management and Those in Charge of Governance of the Consolidated Financial Statements**

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in ICHIA TECHNOLOGIES INC. and subsidiaries.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause ICHIA TECHNOLOGIES INC. and subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

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

Deloitte Touche Tohmatsu Limited  
CPA: Steven Hsieh

CPA: Liu Shu-Lin

Financial Supervisory Commission approval  
document  
Jin-Guan-Zheng-Shen-Zi No. 1000028068

Financial Supervisory Commission approval  
document  
Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 24, 2022

ICHIA TECHNOLOGIES INC. and subsidiaries  
Consolidated Balance Sheet  
December 31, 2021 and 2020

Unit: NTD thousands

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,448,846	16	\$ 1,868,780	20
1110	Financial assets measured at fair value through profit or loss – current (Notes 4 and 7)	171,751	2	53,861	1
1136	Financial assets measured at amortized cost – current (Notes 4 and 8)	516,212	6	471,907	5
1150	Notes receivable - net (Notes 4 and 9)	42	-	-	-
1170	Accounts receivables - net (Notes 4 and 9)	2,383,695	26	2,468,869	26
1220	Current income tax assets (Note 4 and 22)	10,369	-	634	-
130X	Inventories (Notes 4 and 10)	1,047,506	12	957,653	10
1470	Other current assets (Note 14)	<u>123,009</u>	<u>1</u>	<u>139,110</u>	<u>1</u>
11XX	Total current assets	<u>5,701,430</u>	<u>63</u>	<u>5,960,814</u>	<u>63</u>
	Noncurrent assets				
1535	Financial assets measured at amortized cost – non-current (Notes 4 and 8)	149,641	2	170,247	2
1600	Property, plant and equipment (Notes 4 and 12)	2,734,585	30	2,783,419	30
1755	Right of use assets (Note 13)	125,336	1	131,803	1
1840	Deferred income tax assets (Notes 4 and 22)	155,007	2	198,028	2
1975	Net defined benefit Asset -non-current (Notes 4 and 18)	15,022	-	19,789	-
1990	Other non-current assets (Note 14)	<u>184,949</u>	<u>2</u>	<u>196,134</u>	<u>2</u>
15XX	Total non-current assets	<u>3,364,540</u>	<u>37</u>	<u>3,499,420</u>	<u>37</u>
1XXX	Total assets	<u>\$ 9,065,970</u>	<u>100</u>	<u>\$ 9,460,234</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4 and 15)	\$ 1,004,059	11	\$ 1,445,882	15
2170	Accounts payable – non-related parties (Note 16)	1,481,654	17	1,693,628	18
2200	Other payables (Note 17)	255,594	3	248,804	3
2230	Income tax liabilities in current period (Notes 4 and 22)	5,532	-	8,250	-
2280	Lease liabilities - current (Notes 4 and 13)	1,298	-	1,266	-
2130	Contract liabilities – current (Note 20)	5,221	-	7,114	-
2320	Long-term loans maturing within one year or operating cycle (Notes 4 and 15)	-	-	167,191	2
2399	Other current liabilities (Note 17)	<u>13,257</u>	<u>-</u>	<u>27,194</u>	<u>-</u>
21XX	Total current liabilities	<u>2,766,615</u>	<u>31</u>	<u>3,599,329</u>	<u>38</u>
	Non-current liabilities				
2541	Long-term loans (Notes 4 and 15)	345,000	4	126,527	2
2542	Long-term notes payable (Note 15)	199,935	2	-	-
2570	Deferred income tax liabilities (Notes 4 and 22)	14,482	-	22,391	-
2580	Lease liabilities - non-current (Notes 4 and 13)	661	-	1,959	-
2645	Guarantee deposits received	<u>7,032</u>	<u>-</u>	<u>6,544</u>	<u>-</u>
25XX	Total non-current liabilities	<u>567,110</u>	<u>6</u>	<u>157,421</u>	<u>2</u>
2XXX	Total liabilities	<u>3,333,725</u>	<u>37</u>	<u>3,756,750</u>	<u>40</u>
	Other equity (Note 19)				
3110	Common stock	<u>3,075,366</u>	<u>34</u>	<u>3,075,366</u>	<u>32</u>
3200	Capital surplus	<u>2,054,098</u>	<u>23</u>	<u>2,086,827</u>	<u>22</u>
	Retained earnings				
3310	Legal reserve	585,590	7	573,593	6
3320	Special reserve	295,397	3	335,706	4
3350	Undistributed earnings	<u>219,013</u>	<u>2</u>	<u>88,717</u>	<u>1</u>
3300	Total retained earnings	<u>1,100,000</u>	<u>12</u>	<u>998,016</u>	<u>11</u>
3490	Other equities	( <u>335,891</u> )	( <u>4</u> )	( <u>295,397</u> )	( <u>3</u> )
3500	Treasury stock	( <u>161,328</u> )	( <u>2</u> )	( <u>161,328</u> )	( <u>2</u> )
3XXX	Total equity	<u>5,732,245</u>	<u>63</u>	<u>5,703,484</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 9,065,970</u>	<u>100</u>	<u>\$ 9,460,234</u>	<u>100</u>

The attached notes are part of the consolidated financial statements.

Corporate director:  
Creative Investment Co., Ltd.  
Representative:  
Huang Chiu-Yung

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries  
Consolidated Comprehensive Income Statement  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand;  
earnings per share: NTD dollar

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenues (Notes 4 and 20)				
4110	Sales revenues	\$ 6,522,564	101	\$ 5,582,757	101
4170	Sales return	( 6,537 )	-	( 15,409 )	-
4190	Sales discounts and allowances	( 37,472 )	( 1 )	( 64,506 )	( 1 )
4000	Total operating revenues	6,478,555	100	5,502,842	100
5000	Operating costs (Note 4, 10 and 21)	( 5,674,621 )	( 88 )	( 4,758,407 )	( 87 )
5900	Operating gross profits	803,934	12	744,435	13
	Operating expenses (Note 21)				
6100	Promotional expenses	187,720	3	176,257	3
6200	Administrative expenses	220,557	3	210,483	4
6300	R&D expenses	191,765	3	176,144	3
6450	Expected profit on reversal of credit impairment	( 4,218 )	-	( 14,136 )	-
6000	Total operating expenses	595,824	9	548,748	10
6900	Operating income	208,110	3	195,687	3
	Non-operating incomes and expenses (Notes 21)				
7100	Interest incomes	18,323	-	23,732	-
7010	Other incomes	50,546	1	39,221	1
7020	Other gains and losses	3,274	-	( 53,517 )	( 1 )
7050	Financial costs	( 12,611 )	-	( 15,110 )	-
7000	Total non-operating revenues and expenses	59,532	1	( 5,674 )	-
7900	Net profits before tax	267,642	4	190,013	3
7950	Income tax expenses (Notes 4 and 22)	( 44,749 )	-	( 69,823 )	( 1 )
8200	Net profits for the year	222,893	4	120,190	2

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Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Titles not reclassified as profit or loss				
8311	Remeasurement of defined benefit plan (Note 18)	( \$ 4,870 )	-	( \$ 220 )	-
8360	Titles likely to be reclassified to profit or loss subsequent				
8361	Exchange differences in the financial statement translation of foreign operations	( 40,494 )	( 1 )	40,309	1
8300	Other comprehensive income (after tax) in the year	( 45,364 )	( 1 )	40,089	1
8500	Total comprehensive income in the current year	<u>\$ 177,529</u>	<u>3</u>	<u>\$ 160,279</u>	<u>3</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 0.75</u>		<u>\$ 0.40</u>	
9810	Diluted	<u>\$ 0.75</u>		<u>\$ 0.39</u>	

The attached notes are part of the consolidated financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

Representative:  
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC. and subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		Common stock		Capital surplus	Retained earnings			Other equity	Treasury stock	Total equity
		Number of shares (thousand shares)	Amount		Legal reserve	Special reserve	Undistributed earnings	Exchange differences in the financial statement translation of foreign operations		
A1	Balance as of January 1, 2020	307,536	\$ 3,075,366	\$ 2,163,711	\$ 550,914	\$ 137,012	\$ 267,004	( \$ 335,706 )	\$ -	\$ 5,858,301
	Allocation and distribution of earnings in 2019									
B1	Legal reserve	-	-	-	22,679	-	( 22,679 )	-	-	-
B3	Earnings set aside as a special reserve	-	-	-	-	198,694	( 198,694 )	-	-	-
B5	Cash dividend for shareholders	-	-	( 76,884 )	-	-	( 76,884 )	-	-	( 153,768 )
L1	Purchase of treasury stock	-	-	-	-	-	-	-	( 161,328 )	( 161,328 )
D1	Net profit in 2020	-	-	-	-	-	120,190	-	-	120,190
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	( 220 )	40,309	-	40,089
D5	Total comprehensive income in 2020	-	-	-	-	-	119,970	40,309	-	160,279
Z1	Balance as of December 31, 2020	307,536	3,075,366	2,086,827	573,593	335,706	88,717	( 295,397 )	( 161,328 )	5,703,484
	Allocation and distribution of earnings in 2020									
B1	Legal reserve	-	-	-	11,997	-	( 11,997 )	-	-	-
B5	Cash dividend for shareholders	-	-	( 32,729 )	-	-	( 116,039 )	-	-	( 148,768 )
B17	Reversal of special reserve	-	-	-	-	( 40,309 )	40,309	-	-	-
D1	Net profit for 2021	-	-	-	-	-	222,893	-	-	222,893
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	( 4,870 )	( 40,494 )	-	( 45,364 )
D5	Total comprehensive income in 2021	-	-	-	-	-	218,023	( 40,494 )	-	177,529
Z1	Balance on December 31, 2021	<u>307,536</u>	<u>\$ 3,075,366</u>	<u>\$ 2,054,098</u>	<u>\$ 585,590</u>	<u>\$ 295,397</u>	<u>\$ 219,013</u>	<u>( \$ 335,891 )</u>	<u>( \$ 161,328 )</u>	<u>\$ 5,732,245</u>

The attached notes are part of the consolidated financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Representative:  
Huang Chiu-Yung

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2021 and 2020

		Unit: NTD thousands	
Code		2021	2020
	Cash flow from operating activities		
A10000	Profit before tax for the year	\$ 267,642	\$ 190,013
A20010	Profit and loss items		
A20300	Expected profit on reversal of credit impairment	( 4,218 )	( 14,136 )
A20100	Depreciation expense	401,106	406,411
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	( 38,601 )	( 54,434 )
A20900	Financial costs	12,611	15,110
A21200	Interest incomes	( 18,323 )	( 23,732 )
A23800	Inventory devaluation and obsolescence gains from price recovery	( 52,678 )	( 4,804 )
A22500	Gain on disposal of property, plant and equipment	( 2,099 )	( 2,680 )
A23700	Impairment loss (reversal profit) of property, plant and equipment	( 1,704 )	92
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	89,348	( 237,228 )
A31200	Inventories	( 36,014 )	( 281,429 )
A31240	Other current assets	19,799	( 15,254 )
A31990	Other operating assets	( 103 )	( 143 )
A32125	Contract liabilities	( 1,893 )	1,528
A32150	Accounts payable	( 211,974 )	475,046
A32180	Other payables	6,899	11,734
A32230	Other current liabilities	( 13,937 )	4,190
A33000	Cash generated from operations	415,861	470,284
A33100	Interest received	14,625	20,574
A33300	Interest paid	( 12,785 )	( 15,031 )
A33500	Income tax paid	( 22,090 )	( 30,606 )
AAAA	Net cash inflow from operating activities	<u>395,611</u>	<u>445,221</u>
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	( 211,754 )	( 500,547 )
B00050	Disposal of financial assets measured at amortized cost	183,830	6,718
B00100	Acquisition of financial assets measured at fair value through profit or loss	( 1,946,141 )	( 1,923,238 )

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Code		2021	2020
B00200	Disposal of financial assets measured at fair value through profit or loss	\$ 1,866,047	\$ 2,002,398
B02700	Purchase of property, plants, and equipment	( 59,923 )	( 28,983 )
B02800	Disposal of property, plant, and equipment	20,258	17,363
B03700	Increase in refundable deposit	( 4,951 )	( 1,758 )
B03800	Decrease in refundable deposit	14,688	2,292
B06700	Increase in other non-current assets	-	( 16,855 )
B06800	Decrease in other non-current assets	12,301	-
B07100	Increase in prepayments for equipment	( 337,260 )	( 291,609 )
BBBB	Net cash outflow from investment	( 462,905 )	( 734,219 )
Cash flows from financing activities			
C00100	Increase in short-term loans	5,593,738	6,183,464
C00200	Decrease in short-term loans	( 6,043,137 )	( 5,404,203 )
C01600	Borrowing of long-term loan	345,000	-
C01700	Repayment of long-term loans	( 293,718 )	( 165,344 )
C01800	Increase in long-term note payables	200,000	-
C03000	Collection of guarantee deposits received	741	826
C03100	Refund of guarantee deposits received	-	( 289 )
C04500	Distribution of cash dividends	( 148,768 )	( 153,768 )
C04900	Repurchase cost of treasury stock	-	( 161,328 )
C04020	Repayment of principal for lease	( 1,266 )	( 621 )
CCCC	Net cash inflow (outflow) from financing activities	( 347,410 )	298,737
DDDD	Effect of changes in the exchange rate on cash and cash equivalents	( 5,230 )	17,640
EEEE	Net increase (decrease) in cash and cash equivalents	( 419,934 )	27,379
E00100	Balance of cash and cash equivalents - beginning of the year	1,868,780	1,841,401
E00200	Balance of cash and cash equivalents - end of year	\$ 1,448,846	\$ 1,868,780

The attached notes are part of the consolidated financial statements.

Corporate director:  
Creative Investment Co., Ltd.

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

Representative:  
Huang Chiu-Yung

# ICHIA TECHNOLOGIES INC.

## 2021 Earnings Distribution Schedule

Unit: NTD

Unappropriated earnings at the beginning of the period	988,738
Net profits for the period	222,894,630
Defined benefit plan remeasurement recognized in retained earnings	(4,869,768)
Additional adjustment to net profits for the period	218,024,862
Provision of legal reserve (10%) (Description 1)	(21,802,486)
Provision of special reserve in accordance with the law	(40,494,856)
Distributable earnings for the period	156,716,258
Distribution items	
Shareholder bonus (Description 2)	148,768,267
Unappropriated earnings at the end of the period	7,947,991

Each item is described as follows:

- i.  $218,024,862 \times 10\% = 21,802,486$
- ii. According to the earnings distribution proposal, cash dividends of NTD 0.5 per share will be paid.
- iii. In connection with the cash dividend, the chairperson will be authorized to set the ex-dividend date.
- iv. If the number of outstanding shares is affected by subsequent changes in the Company's capital, the chairperson is authorized to exercise their full authority to handle any changes in the dividend distribution to shareholders.
- v. Cash dividends shall be calculated in proportion to the distribution percentage and rounded off to the nearest NTD, and the total amount of the fractional amounts less than NTD 1 shall be adjusted from the largest decimals to the smallest and from the first account number to the last in order to meet the total amount of cash dividends distribution.

Corporate director:  
Creative Investment Co., Ltd.

Managerial officer:  
Tseng Kung-Sheng

Chief Accounting Officer:  
Cheng Ching-Yi

Representative:  
Huang Chiu-Yung

# ICHIA TECHNOLOGIES INC.

## Comparison Table for Amendments of “Procedure for Acquisition and Disposal of Assets”

Provisions before Amendment		Provisions after Amendment	Basis for amendment
Article 7 Paragraph I, Subparagraph (iv)	<p>Appraisal report</p> <p>Where the transaction amount reaches 20% of the Company’ s paid-in capital or NTD 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(i) Where it is necessary to give a limited price, specified price, or special price (i.e. the estimated value for a property that is not marketable) as a reference basis for the transaction price in special circumstances, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(ii) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(iii) Where any one of the following circumstances applies with respect to the professional appraiser’ s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction</li> </ol>	<p>Appraisal report</p> <p>Where the transaction amount reaches 20% of the Company’ s paid-in capital or NTD 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(i) Where it is necessary to give a limited price, specified price, or special price (i.e. the estimated value for a real property that is not marketable) as a reference basis for the transaction price in special circumstances, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(ii) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(iii) Where any one of the following circumstances applies with respect to the professional appraiser’ s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the</li> </ol>	Amended in accordance with relevant laws and regulations.

Provisions before Amendment		Provisions after Amendment	Basis for amendment
	<p>amount.</p> <p>(iv) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>transaction amount.</p> <p>(iv) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
Article 8, Paragraph I, Subparagraph (iv)	<p>Obtaining expert opinion</p> <p>Unless the following requirements are met, the Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NTD 300 million or more, the company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p>	<p>Obtaining Expert Opinion</p> <p>Unless the following requirements are met, the Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NTD 300 million or more, the company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p>	Amended in accordance with relevant laws and regulations.
Article 9, Paragraph I, Subparagraph (ii)	<p>Assessment and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party or to acquire or dispose of assets other than the real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets, or NTD 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into the transaction contract or make a payment until the following matters are submitted to and approved by the Audit Committee and recognized by the Board of Directors:</p> <p>(i) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(ii) The reason for choosing the related party as a transaction counterparty.</p>	<p>Assessment and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party or to acquire or dispose of assets other than the real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets, or NTD 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into the transaction contract or make a payment until the following matters are submitted to and approved by the Audit Committee and recognized by the Board of Directors:</p> <p>(i) The purpose, necessity and anticipated benefit of the acquisition or disposal of</p>	

Provisions before Amendment	Provisions after Amendment	Basis for amendment
<p>(iii) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, Subparagraph (i) and (iv) of this Article.</p> <p>(iv) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(v) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(vi) An appraisal report from a professional appraiser or a CPA's opinion is obtained in compliance with Paragraph I.</p> <p>(vii) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction value shall be based on the requirements in Article 14, Paragraph II and "within a year" as stated is based on the actual date of occurrence of the current transaction, retroactively by one year. It is allowed not to include those already submitted to the Audit Committee and the Board of Directors for approval as required herein.</p> <p>With respect to the following transactions to be conducted between the Company and the subsidiaries or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to make decisions on such transactions with NTD 300 million and have the decisions subsequently submitted to the next Board of Directors' meeting for ratification:</p> <p>(i) Acquisition or disposal of equipment or its right-of-use assets for business use.</p> <p>(ii) Acquisition or disposal of real property right-of-use assets for business use.</p>	<p>assets.</p> <p>(ii) The reason for choosing the related party as a transaction counterparty.</p> <p>(iii) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, Subparagraph (i) and (iv) of this Article.</p> <p>(iv) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(v) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(iv) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph I.</p> <p>(vii) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>When the Company or any subsidiary of the Company that is not a domestic public company has a transaction described in Paragraph I and the transaction amount reaches 10% or more of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the matters listed in Paragraph I have been submitted to and approved by the shareholders' meeting. However, this shall not apply to the transactions between the Company and any of its subsidiaries, or the transactions between the Company's subsidiaries.</u></p> <p>The calculation of the transaction value shall be based on the requirements in Article 14, Paragraph II and "within a year" as stated is based on the actual date of occurrence of the current transaction, retroactively by one year. It is allowed not to include those already submitted to the shareholders' meeting, Audit Committee and the Board of Directors for approval as required herein.</p> <p>With respect to the following transactions to be conducted between the Company and the subsidiaries or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to make decisions on such transactions with NTD</p>	



Provisions before Amendment		Provisions after Amendment	Basis for amendment
		300 million and have the decisions subsequently submitted to the next Board of Directors' meeting for ratification: (i) Acquisition or disposal of equipment or its right-of-use assets for business use. (ii) Acquisition or disposal of real property right-of-use assets held for business use.	
Article 10 Paragraph I, Subparagraph (iv)	Expert assessment opinion report Where the amount of the transaction for acquiring or disposing of intangible assets or their right-of-use assets or memberships reaches 20% or more of the paid-in capital or NTD 300 million or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price. <u>The CPA shall also comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDE.</u>	Expert Assessment Opinion Report Where the amount of the transaction for acquiring or disposing of intangible assets or their right-of-use assets or memberships reaches 20% or more of the paid-in capital or NTD 300 million or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price.  engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price.	Amended in accordance with relevant laws and regulations.
Article 14	Procedures for public disclosure of information I. Required announcement and report items and standards for announcement and report (i) The Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party or to acquire or dispose of assets other than the real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the total assets, or NTD 300 million or more, However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (ii) Mergers, demergers, acquisitions, or transfer of shares is conducted. (iii) Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. (iv) The amount of the transaction for acquiring or disposing of equipment or its right-of-use assets for business use from or to a non-related party reaches NTD 500 million or more. (v) The Company engaging in construction business acquires or disposes real properties for construction purposes, the counterparty of transactions is not a related	Procedures for Public Disclosure of Information I. Required announcement and report items and standards for announcement and report (i) The Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party or to acquire or dispose of assets other than the real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the total assets, or NTD 300 million or more, However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (ii) Mergers, demergers, acquisitions, or transfer of shares is conducted. (iii) Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. (iv) The amount of the transaction for acquiring or disposing of equipment or its right-of-use assets for business use from or to a non-related party reaches NTD 500 million or more. (v) The Company engaging in construction business acquires or	Amended in accordance with relevant laws and regulations.

Provisions before Amendment		Provisions after Amendment	Basis for amendment
	<p>party, and the amount of the transactions reach NTD 500 million or more.</p> <p>(vi) The Company expects to invest NTD 500 million or more in the transaction for acquiring real property from a non-related party by engaging others to build on its own land or on rented land or by means of joint construction with housing unit allocation, joint construction with profit allocation, or joint construction with ownership allocation.</p> <p>(vii) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NTD 300 million. This, however, shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds.</li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ol>	<p>disposes real properties for construction purposes, the counterparty of transactions is not a related party, and the amount of the transactions reach NTD 500 million or more.</p> <p>(vi) The Company expects to invest NTD 500 million or more in the transaction for acquiring real property from a non-related party by engaging others to build on its own land or on rented land or by means of joint construction with housing unit allocation, joint construction with profit allocation, or joint construction with ownership allocation.</p> <p>(vii) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NTD 300 million. This, however, shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds or <u>foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ol>	
Article 17	<p>Implementation and Amendment</p> <p>The "Procedure for Acquisition and Disposal of Assets" of the Company shall be implemented upon approval from the Audit Committee and Board of Directors, and is subject to the approval at the shareholders' meeting. The same procedures apply to subsequent amendments of these Procedures. These Procedures were stipulated on January 17, 2003.</p> <p>The 1st amendment was on May 18, 2005.</p> <p>(Omitted)</p> <p>The 9th amendment was adopted by the Board of Directors on August 12, 2019 and approved by the shareholders' meeting on June 12, 2020.</p>	<p>Implementation and Amendment</p> <p>The "Procedure for Acquisition and Disposal of Assets" of the Company shall be implemented upon approval from the Audit Committee and Board of Directors, and is subject to approval at the shareholders' meeting. The same procedures apply to subsequent amendments of these Procedures. These Procedures were stipulated on January 17, 2003.</p> <p>The 1st amendment was on May 18, 2005.</p> <p>(Omitted)</p> <p><u>The 10th amendment was adopted by the Board of Directors</u></p> <p><u>On March 24, 2022 and approved by the shareholders' meeting in 2022.</u></p>	Amended with an additional amendment date and ordinal.

## ICHIA TECHNOLOGIES INC.

### Procedure for Acquisition or Disposal of Assets (before amendment)

#### Article 1: Purposes

The Procedure is established to protect assets and ensure the disclosure of information. Any matters not addressed in the Procedure shall be governed by relevant laws.

#### Article 2: Scope of Assets

- I. Securities: Investments in shares, government bonds, corporate bonds, bank debentures, securities representing interests in funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.
- IX. Other major assets.

#### Article 3: Definition of Terms

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the

Preparation of Financial Reports by Securities Issuers.

- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. The term "financial statement of the most recent period" refers to the financial statement certified or reviewed by a certified public accountant (CPA) and disclosed according to the laws prior to the acquisition or disposal of assets of the Company.

The terms that are not defined in the Procedure shall be subject to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the competent authority.

Article 4: Investment Limits for Non-operating Real Properties and Securities

The limits for the aforementioned assets individually acquired by the Company or a subsidiary thereof are specified as follows:

- I. The total amount of real property not for business use shall not exceed 30% of the Company's net worth.
- II. The total amount of the investment in long-term and short-term securities shall not exceed 100% of the Company's net worth, except for the repo trade of bonds, bond funds and money market funds for short-term capital utilization.
- III. The amount of the investment in individual securities shall not exceed 30% of the Company's net worth and the amount of the indirect investment in an overseas subsidiary holding company shall not exceed 80% of the Company's net worth, except for the repo trade of bonds, bond funds and money market funds for short-term capital utilization.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions obtained by the Company shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. This, however, does not apply to those having served their sentence in prison,

probation period, or when it has been three years following a pardon.

- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the professional appraisers or appraisal officers may not be related parties or de facto related parties to one another.

Article 6: Where the Company acquires or disposes of assets through court auction procedures, the certifying documents issued by the court may be substituted for the appraisal reports or CPA opinions.

Article 7: Procedure for Acquisition or Disposal of Real Properties, Equipment or Right-of-Use Assets Thereof

I. Assessment and operating procedures

The acquisition or disposal of real properties, equipment or right-of-use assets thereof shall be handled according to the procedures for the real property, plant and equipment cycles of the Company's internal control system.

II. Procedures for determining transaction terms and authorized amount

- (i) For acquisition or disposal of real properties or right-of-use assets thereof, the publicly announced current value, appraisal value, and actual transaction price of neighboring real properties shall be considered in order to determine the transaction terms and prices and prepare analysis reports for the Chairman. Where the amount is less than NTD 100 million (included), it shall be submitted to the Chairman for approval and reported to the most recent Board of Directors meeting; where the amount is more than NTD 100 million, the adoption of the Board of Directors is required for the acquisition and disposal.
- (ii) For the acquisition or disposal of equipment or right-of-use assets thereof, one of the methods of quotation of price, price comparison, price negotiation or tendering shall be selected. Where the amount is less than NTD 50 million (included), approval must be acquired according to the delegation of authority; where the amount is more than NTD 50 million and less than NTD 100 million (included), the approval from the Chairman is required; for the amount over NTD 100 million, the Board of Directors must give its approval.

III. Executing unit

When the Company acquires or disposes real properties, equipment or right-of-use assets thereof, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph, and the using unit and administration department shall be responsible for the execution.

IV. Appraisal report

Where the transaction amount reaches 20% of the Company's paid-in capital or NTD 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets

thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (i) Where it is necessary to give a limited price, specified price, or special price (i.e. the estimated value for a property that is not marketable) as a reference basis for the transaction price in special circumstances, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (ii) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (iii) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (iv) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 8: Procedures for Acquisition or Disposal of Securities Investment

I. Assessment and operating procedures

The purchase and sale of long-term and short-term securities of the Company shall be handled according to the investment cycles of the Company's internal control system.

II. Procedures for determining transaction terms and authorized amount

For the trading of securities, the responsible unit shall make a decision with reference to the market price and the senior management shall proceed with the transaction within the limits specified in Article 4 of the Procedure under the authorization of the Board of Directors. Where the announcement and reporting are required pursuant to Article 14, the transaction shall be reported to the Chairman for reference on the next day and submitted to the most recent Board of Directors for ratification. Prior approval from the Board of Directors is needed for the acquisition or disposal of the stocks, corporate bonds, or privately placed securities that are not traded on the stock exchange market or TPEX and the

transaction amount of which meets the announcement and reporting criteria.

III. Executing unit

When the Company invests in long-term or short-term securities, it shall be submitted for approval according to the delegation of authority described in the preceding paragraph, following which the financial and accounting unit shall be responsible for the execution.

IV. Obtaining expert opinion

Unless the following requirements are met, the Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NTD 300 million or more, the company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations of the Financial Supervisory Commission (FSC).

- (i) Establish by promotion or stock floatation pursuant to the Company Act and acquire securities in cash, and the rights in the acquisition of the securities are in proportion to the capital contribution.
- (ii) Participate in the subscription of the securities issued for capital increase in cash by the company that conducts capital increase in cash pursuant to relevant laws and regulations and issues the securities at par value.
- (iii) Participate in the subscription of the securities issued for capital increase in cash by the invested company in which 100% of the issued shares are held.
- (iv) Trade TWSE, TPEX, or Emerging securities on the centralized exchange or OTC market.
- (v) Trade bonds that are government bonds or bonds under repurchase and resale agreements.
- (vi) Participate in onshore and offshore public placement funds.
- (vii) Acquire or dispose TWSE or TPEX stocks pursuant to the rules governing the reverse auction or auction of stocks on the TWSE or TPES stock market.
- (viii) Participate in the subscription of the stocks issued by a listed company for capital increase in cash or participate in the subscription of domestic corporate bonds (including financial bonds), and the securities acquired are not privately placed securities.
- (ix) Subscribe a fund before it is established pursuant to Article 11, Paragraph 1 of the Securities Investment Trust and Consulting Act; for the subscription or repurchase with respect to domestic private placement funds with investment strategies specified in the trust contract, the investment scope shall be the same as that of the public placement funds

except for the securities margin transactions and the open positions of securities held.

Article 9: Procedures for Related Party Transactions

I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to following Articles 7, 8, and 10 and ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the laws. The amount of transaction mentioned in the preceding paragraph shall be duly calculated based on Article 10-1. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Assessment and operating procedures

When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party or to acquire or dispose of assets other than the real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets, or NTD 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into the transaction contract or make a payment until the following matters are submitted to and approved by the Audit Committee and recognized by the Board of Directors:

- (i) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (ii) The reason for choosing the related party as a transaction counterparty.
- (iii) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, Subparagraph (i) and (iv) of this Article.
- (iv) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (v) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (vi) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph I.
- (vii) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction value shall be based on the requirements in Article 14, Paragraph II and "within a year" as stated is based on the actual date of occurrence of the current transaction, retroactively by one year. It is allowed



not to include those already submitted to the Audit Committee and the Board of Directors for approval as required herein.

With respect to the following transactions to be conducted between the Company and the subsidiaries or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to make decisions on such transactions with NTD 300 million and have the decisions subsequently submitted to the next Board of Directors' meeting for ratification:

- (i) Acquisition or disposal of equipment or its right-of-use assets for business use.
- (ii) Acquisition or disposal of real property right-of-use assets held for business use.

III. Assessment of reasonableness of transaction costs

- (i) The Company shall evaluate the reasonableness of the transaction costs by the following means when acquiring real property or right-of-use assets thereof from a related party:
  - 1. The necessary funding interest costs to be borne by the buyer as required by law shall be included in the calculation in addition to the price of the transaction with the related party. The said "necessary funding interest costs" are imputed based on the weighted average interest rate on the loans in the year the Company purchases the property; provided, such interest rate shall not be higher than the maximum lending interest rate for non-financial industries announced by the Ministry of Finance.
  - 2. Where the related party has taken out a mortgage on the property with a financial institution, the total loan value of the property appraised by the financial institution shall be used for the assessment; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the property's total loan value appraised and one year or longer has elapsed from the loan disbursement date. However, this shall not apply where the financial institution is a related party to one of the counterparties.
- (ii) 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.
- (iii) In addition to appraising the costs for the real property or its right-of-use assets pursuant to the preceding two paragraphs, the Company shall engage a CPA to check the appraisal review and render a specific opinion.
- (iv) If the results of the Company's appraisal conducted in accordance with Paragraph III, Subparagraphs (i) and (ii) of this Article are lower than the transaction price, the matter shall be handled in compliance with Paragraph III, Subparagraph (v) of this Article. The followings are exceptions on the condition that the professional appraisal firms and the certified public accountants have presented their opinions on the reasonableness of the transaction on the real property:

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) The land is evaluated in a way required in the preceding paragraph while the reasonable construction profit is added to the construction cost paid by the related party for a house, with the total exceeding the actual transaction price. The said “reasonable construction profit” shall be the lower of 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 in the most recent period as announced by the Ministry of Finance.
    - (2) Completed transactions by unrelated parties involving other floors of the property or properties or land with a similar size in neighboring areas within the preceding year have transaction terms that are considered similar to those for the property based on the reasonable price differences due to different floors or areas in the real estate or leasing practices.
  2. The Company provides evidence that the transaction terms for purchasing real property or obtaining the right-of-use assets of real property through leasing from a related party are similar to those for completed transactions by unrelated parties involving properties with a similar size in neighboring areas within the preceding year. The aforementioned completed transactions in neighboring areas refer to transactions involving properties in the same or neighboring block and within a 500-meter radius of the property or involving properties having a similar publicly announced current value; “with a similar size” means that the area of the properties in the completed transactions by unrelated parties is not less than 50% of the area of the property; the said “preceding year” refers to the year preceding the date of occurrence of the acquisition of the real property or its right-of-use assets.
- (v) If the results of the Company’s appraisal conducted in accordance with Paragraph III, Subparagraphs (i) and (ii) of this Article are lower than the transaction price, the following measures shall be taken.
1. The Company shall set aside a special reserve in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
  2. The Audit Committee shall act in compliance with Article 218 of the Company Act.
  3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- The special reserve set aside pursuant to the preceding requirement may not be used until losses from devaluation or disposal of the assets

purchased or leased at a high price have been recognized, 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.

- (vi) Where one of the following circumstances exists, Paragraph II of this Article shall apply and Paragraph III, Subparagraph (i), (ii) and (iii) of this Article are not applicable.
  - 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - 3. The real property is acquired by signing a joint construction contract with the related party, or by engaging the related party to build real property, either on the Company's own land or on rented land.
  - 4. The real property right-of-use assets for business use are acquired between the Company and a subsidiary or between the subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital.
- (vii) The Company shall also comply with Paragraph III, Subparagraph (v) of this Article if there is other proof indicating that the acquisition was not an arm's length transaction.

Article 10: Procedure for the Acquisition or Disposal of Intangible Assets or Their User Right-of-Used Assets or Membership Cards

I. Assessment and operating procedures

The acquisition or disposal of intangible assets or right-of-use assets thereof or membership cards shall be handled according to the procedures for the fixed asset cycle of the Company's internal control system.

II. Procedures for determining transaction terms and authorized amount

- (i) For acquisition or disposal of membership cards, the fair values on the market shall be considered to determine the transaction terms and prices and prepare analysis reports for the General Manager. Where the amount is less than NTD 50 million, it shall be submitted to the Chairman for approval and reported to the most recent Board of Directors meeting; where the amount is more than NTD 50 million, the adoption of the Board of Directors is required for the acquisition and disposal.
- (ii) For acquisition or disposal of intangible properties or right-of-use assets thereof, the evaluation report of the expert and the fair values on the market shall be considered to determine the transaction terms and prices and prepare analysis reports for the Chairman. Where the amount is less than NTD 50 million, it shall be submitted to the Chairman for approval and reported to the most recent Board of Directors meeting; where the amount is more than NTD 50 million, the adoption of the Board of Directors is required for the acquisition and disposal.

### III. Executing unit

When the Company acquires or disposes intangible assets or right-of-use assets thereof or membership cards, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph, and the using unit and finance or administration department shall be responsible for the execution.

### IV. Expert assessment opinion report

Where the amount of the transaction for acquiring or disposing of intangible assets or their right-of-use assets or memberships reaches 20% or more of the paid-in capital or NTD \$300 million or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price. The CPA shall also comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1: The calculation of the transaction amount referred to in Articles 7, 8 and 10 shall be made in accordance with Article 14, Paragraph II herein.

“Within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained in accordance with the Procedure need not be counted toward the transaction amount.

### Article 11: Procedures for Acquisition or Disposal of Claims of Financial Institutions

The Company, in principle, does not perform any acquisition or disposal of claims of financial institutions. However, if the Company plans to perform transactions related to the acquisition or disposal of claims of financial institutions, it shall be reported to the Audit Committee and Board of Directors for approval first, following which the assessment and procedures thereof may then be established.

### Article 12: Procedures for Acquisition or Disposal of Derivatives

#### I. Transaction principles and directives

##### (i) Type of transactions

The derivatives in which the Company is engaged are limited to those specified in Article 3, Paragraph I of the Procedure.

##### (ii) Trading strategies

The Company shall be engaged in derivatives to ensure the profitability of the Company and avoidance of the risk arising from the fluctuation of the exchange rate, interest rate or price of the assets. All the transactions shall be subject to careful assessment. They shall be reported to and approved by the Chairman or the senior management under the authorization of the Board of Directors.

##### (iii) Delegation of responsibilities

##### 1. Trade personnel

(1) Trade personnel are responsible for the development of the derivatives trading strategies.

(2) Trade personnel shall calculate the positions once every two weeks, collect market information, conduct trend judgment and

risk assessment, and develop operational strategies. These shall be approved according to the delegation of authority and used as a basis for the transactions.

- (3) Transaction shall be carried out according to the authorized power and existing strategies.
- (4) When finding it not suitable to apply the existing strategies anymore due to substantial changes in the financial market, they may raise an assessment report and redesign the strategies whenever necessary. These shall be approved by the General Manager or the senior management under the authorization of the Board of Directors and used as a basis for the transactions.

2. Confirmation personnel

- (1) Reviews whether a transaction is enforced according to the authorized power and existing strategies.
- (2) Take responsibility for accounting matters.
- (3) Be responsible for entering into contracts.
- (4) Conduct reporting and announcement in accordance with the regulations of the Financial Supervisory Commission.

3. Accounting personnel

- (1) Conduct valuation every month and submit the valuation report to the General Manager and the senior management under the authorization of the Board of Directors.

4. Settlement personnel: Be responsible for the settlement task.

5. Delegation of authority for derivatives

Delegation of authority for hedging transactions: The approval of the General Manager is required for the total contract amount of less than 50% of the net cash assets and liabilities stated in the Company's internal financial statement of the last month; the approval of the Chairman is required for the amount beyond this threshold.

Non-hedge transaction limit: The finance department develops trade plans and submits them to the General Manager or the senior management under the authorization of the Board of Directors. The transactions shall be implemented in projects after the required approval is received.

(vi) Transaction process

1. The trade personnel complete the application form according to the trading strategies and place the order to the counterparty after the responsible officer give his/her approval. The approved application form and the transaction confirmation documents shall be delivered to the confirmation personnel after the trade personnel have finished their job.
2. The confirmation personnel confirms the transaction together with the trade personnel or the counterparty, and then prepare accounting vouchers and required documents for the conclusion of the contract based on the results of the confirmation. The confirmation personnel delivers these documents to the counterparty on the date when the contract is entered into and carry out subsequent processes for

contracting with the counterparty.

3. The settlement personnel prepare accounting and settlement documents with reference to the accounting vouchers that the confirmation personnel prepared and the settlement notice that the counterparty provided, and conduct the settlement together with the counterparty on the date of settlement.

(v) Performance evaluation

Hedging transactions

1. Gains or losses with respect to the product costs on the Company's books and derivative trading engaged in are used as the basis for performance evaluation.
2. The Company uses the monthly valuation method for the assessment of the gains and losses to understand and present the valuation risk of the transaction.
3. The finance department shall provide the valuation of the product positions, market development trends, and analysis for the General Manager or the senior management under the authorization of the Board of Directors as a reference for the management and instructions.

Non-hedging transactions

The performance is evaluated based on the actually generated gains or losses. Management reports are provided regularly as a reference for the management.

(vi) Establishment of the upper limit for total contract amount and loss.

1. Total contract amount

The finance department shall manage the overall positions of the Company effectively to avoid transaction risk. The amount of the hedging transactions shall not exceed the overall positions of the Company; the amount of the non-hedging transactions shall not exceed 50% of the Company's overall net worth.

2. Establishment of the upper limit for loss.

Stop loss point for hedging transactions: 20% of the total or separate contract amount is established as the upper limit. When loss reaches this upper limit, the finance department shall assess offset based on the required positions for the business operation.

Stop loss point for non-hedging transactions: 10% of the total or separate contract amount is established as the upper limit. When loss reaches more than 10% (included) of the total contract amount, a report shall be submitted to the General Manager or the senior management under the authorization of the Board of Directors to determine whether the transaction should be continued or stopped.

II. Risk management measures

(i) Credit risk management:

Since the market is subject to the changes of various factors, the operational risk of derivatives is likely to occur. Consequently, with regard to the market risk management, it shall be performed according to the following principle:

1. Transaction counterparties: These shall be domestic/foreign well-known financial institutions.
  2. Transaction products: These shall be limited to products provided by domestic/foreign well-known financial institutions.
- (ii) Market risk management:  
Transactions shall be conducted on the open derivatives market provided by financial institutions.
- (iii) Liquidity risk management:  
To ensure the market liquidity, during the selection of financial products, the ones with relatively higher liquidity (i.e. can be squared off in the market at any time) shall be selected in principle. The financial institutions entrusted to perform transactions shall have sufficient information and the capability to perform transaction in any market at any time.
- (iv) Cash Flow Risk Management  
To ensure the stability of working capital of the Company, the source of fund for the Company to engage in derivatives trading shall be limited to own fund only, and the operating amount shall consider the fund demand anticipated for the cash income/expenditure in the next three months.
- (v) Operational risk management:
1. The authorized limits and operating procedures of the Company should be strictly followed and be included as part of the internal audit in order to avoid operational risk.
  2. The functions of dealing, confirmation and settlement of derivatives transactions shall be performed by different personnel.
  3. Risk measurement, monitoring, and control personnel shall be assigned from departments different from the personnel referred to in the previous subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
  4. The positions held for the derivatives trading shall be assessed at least once weekly. However, for hedge trades performed due to business needs, such trades shall be assessed at least twice monthly. The assessment report shall be submitted to the senior management officer authorized by the Board of Directors.
- (vi) Product risk management:  
Internal trading personnel shall have complete and correct professional knowledge on financial commodities, and shall request banks to disclose risks in order to prevent the risk of misuse of financial products.
- (vii) Legal risk management:  
Documents to be signed with financial institutions shall be reviewed by professional personnel of the foreign exchange and legal department before they may be officially signed in order to avoid legal risk.

### III. Internal audit system

Internal auditors shall periodically understand the appropriateness of the derivatives trading internal control, and shall audit the status of the trading department complying with the procedures for engaging in derivatives trading

and analyze the trading cycle in order to prepare an audit report. In case of discovery of material breach, written notice shall be submitted to the Audit Committee.

IV. Supervision management principles for Board of Directors for engaging in derivative trading

- (i) The Board of Directors shall designate senior management officers to be aware of the supervision and control of the risks of derivative trading, and the management principle is as follows:
  - 1. The Company shall periodically assess whether the risk management measures currently adopted are appropriate and properly handle matters according to the procedures for handling derivatives trading stipulated by the Company.
  - 2. Supervising trading and the status of profits and losses and, in case of abnormal circumstances, adopting necessary countermeasures and making a report to the Board of Directors immediately, in which case the independent directors shall be present at the meeting and express their opinions.
- (ii) The Company shall periodically assess whether the performance of the derivatives trading complies with the predefined management strategies and whether the risk borne is within the acceptable range of the Company.
- (iii) When the Company engages in derivative trading, where relevant personnel are authorized to according to the requirements of the procedures for derivative trading, it is necessary to report to the most recent Audit Committee and Board of Directors meeting after such trading.
- (iv) The Company shall establish a log book for derivative trading and record in detail the type and amount of the derivative transactions, dates on which the approval of the Board of Directors is obtained, and the matters required to be carefully evaluated under Paragraph IV, Subparagraph (i) and (ii) of the Article in the log book for reference.

Article 13: Procedures for merger, demerger, acquisition or transfer of shares

I. Assessment and operating procedures

- (i) When conducting a merger, demerger, acquisition, or transfer of shares, the Company shall, prior to convening Audit Committee and Board of Directors meetings to resolve the matter, 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 Audit Committee and Board of Directors meetings 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% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.
- (ii) The Company shall prepare a public report detailing important contractual content and matters relevant to the merger, demerger, or acquisition to



shareholders prior to the shareholders' meeting and include it along with the expert's opinion referred to in Paragraph I, Subparagraph (i) of this Article when sending the shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition; provided, where the provisions of another act exempt the Company from convening a shareholders' meeting to resolve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

II. Other matters requiring attention

- (i) Date of Board of Directors meeting: When participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and a shareholders' meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority in charge of securities is notified in advance of extraordinary circumstances and grants consent thereto. When participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority in charge of securities is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:
  1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to the disclosure of the information.
  2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors' meeting.
  3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.

When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall, within 2 days counting inclusively from the date of adoption by the Board of Directors, in the prescribed format and via the Internet-based information system, report the information set out in the aforementioned 1 and 2 to the Financial Supervisory Commission for

recordation.

Where any of the companies in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall enter into an agreement with such company and take actions in compliance with the aforementioned requirements.

- (ii) Prior non-disclosure undertaking: All personnel participating in or privy to the plan for a merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and shall not disclose the content of the plan prior to public disclosure of the information and shall also not trade, in their own name or under the name of another person, in any stock or other equity securities of any company related to the plan for the merger, demerger, acquisition, or transfer of shares.
- (iii) The principles for the alternation of share exchange ratio or acquisition price: The share exchange ratio or acquisition price shall not be altered arbitrarily in principle; however, where the contract has specified terms and conditions permitting alternation and such alternation have been publicly disclosed, such restriction shall not be applied. The criteria permitted for the alternation of share exchange ratio or acquisition price are as follows:
  - 1. Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock options, or other equity 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 the shareholders' equity or share price.
  - 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares buys back treasury stock.
  - 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - 6. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (iv) Required contents of contract: The contract for participation in a merger, demerger, acquisition, or transfer of shares shall comply with the Company Act and Business Mergers And Acquisitions Act and shall record the following:
  - 1. Handling of breach of contract.
  - 2. Principles for the handling of equity 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 has not been completed after the deadline, and relevant handling procedures.
- (v) Changes in the number of companies participating in a merger, demerger, acquisition or transfer of share: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- (vi) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall enter into an agreement with the non-public company and shall take actions according to Paragraph II, Subparagraph (i) governing the date of Board of Directors meeting, Subparagraph (ii) governing prior non-disclosure undertaking, and Subparagraph (v) governing changes in the number of companies participating in a merger, demerger, acquisition or transfer of shares of this Article.

Article 14: Procedures for Public Disclosure of Information

- I. Required announcement and report items and standards for announcement and report
  - (i) The Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party or to acquire or dispose of assets other than the real property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the total assets, or NTD 300 million or more, However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (ii) Mergers, demergers, acquisitions, or transfer of shares is conducted.
  - (iii) Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
  - (iv) The amount of the transaction for acquiring or disposing of equipment or its right-of-use assets for business use from or to a non-related party reaches NTD 500 million or more.
  - (v) The Company engaging in construction business acquires or disposes real properties for construction purposes, the counterparty of transactions is not a related party, and the amount of the transactions reach NTD 500 million

or more.

- (vi) The Company expects to invest NTD 500 million or more in the transaction for acquiring real property from a non-related party by engaging others to build on its own land or on rented land or by means of joint construction with housing unit allocation, joint construction with profit allocation, or joint construction with ownership allocation.
  - (vii) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NTD 300 million. This, however, shall not apply to the following circumstances:
    - 1. Trading of domestic government bonds.
    - 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. The amount of transactions described in the preceding paragraph shall be calculated as follows, and the term "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.
- (i) The amount of each transaction.
  - (ii) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
  - (iii) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - (iv) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- III. Time limit for public announcement and report
- Where the Company's acquisition or disposal of assets reaches the standard for public announcement and report, a public announcement and report shall be made within 2 days, counting inclusively from the date of occurrence of the event.
- IV. Public announcement, report and document retention procedures
- (i) The Company shall publicly announce and report relevant information on the FSC designated website.
  - (ii) The Company shall enter the information on the engagement of the Company and the subsidiaries thereof that are not domestic public companies in derivative trading up to the end of the preceding month in the prescribed format on the FSC's designated website by the 10th day of each month.
  - (iii) Where the Company is required to fix an error or omission (if any) in items that shall be, and have been, publicly announced in accordance with the

regulations, all the items shall be publicly announced and reported again within 2 days counting inclusively from the date of being aware of such error or omission.

- (iv) In the acquisition or disposition of assets, the Company shall keep a copy of related contracts, minutes of meetings on record, record books, appraisal reports, opinions issued by certified public accountants, lawyers or securities underwriters and retain such documents for at least 5 years unless otherwise specified by law.
- (v) Where any of the following circumstances occur with respect to transactions that have been publicly announced and reported by the Company in accordance with the preceding article, the relevant information shall be publicly announced and reported on the FSC' s designated website within 2 days counting inclusively from the date of occurrence:
  - 1. There is any change in the contract signed for the transaction or the contract is terminated or rescinded.
  - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - 3. There is any change in the originally publicly announced and reported information.

V. The 10% of total assets, as mentioned herein, is calculated based on the total assets stated in the most recent individual or separate financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 15: For the subsidiaries of the Company, the following requirements shall be followed:

- I. The subsidiary of the Company shall establish a “procedure for acquisition or disposal of assets” and submit it to the shareholders’ meeting thereof after it is approved by the Board of Directors. The same shall apply to the amendments of the procedure.
- II. When a subsidiary of the Company that is not a domestic public company acquires or disposes assets that are subject to the criteria for announcement and report, the Company shall also handle the public announcement and report on behalf thereof.
- III. In the public announcement and report standards for subsidiaries, the “reaching 20% of paid-in capital of the company or 10% of the total asset of the company” shall be the paid-in capital and total assets of the Company.

Article 16: Penalties

The Company’ s managerial officers and personnel in charge who act in violation of the Procedure shall be reported for evaluation pursuant to the personnel management regulations and employee handbook of the Company.

Article 17: Implementation and Amendment

The “Procedure for Acquisition and Disposal of Assets” of the Company shall be implemented upon approval from the Audit Committee and Board of Directors, and is subject to the approval at the shareholders’ meeting. The same procedures apply to subsequent amendments of these Procedures.

These Procedures were stipulated on January 17, 2003.

The 1st amendment was on May 18, 2005.

The 2nd amendment was on June 23, 2006.

The 3rd amendment was adopted by the Board of Directors on March 23, 2007 and approved at the shareholders' meeting on June 13, 2017.

The 4th amendment was adopted by the Board of Directors on March 9, 2012 and approved at the shareholders' meeting on June 15, 2012.

The 5th amendment was adopted by the Board of Directors on August 10, 2012 and approved at the shareholders' meeting on June 13, 2013.

The 6th amendment was adopted by the Board of Directors on March 25, 2014 and approved at the shareholders' meeting on June 11, 2014.

The 7th amendment was adopted by the Board of Directors on March 24, 2017 and approved at the shareholders' meeting on June 13, 2017.

The 8th amendment was adopted by the Board of Directors on March 25, 2019 and approved at the shareholders' meeting on June 14, 2019.

The 9th amendment was adopted by the Board of Directors on August 12, 2019 and approved at the shareholders' meeting on August 12, 2020

## ICHIA TECHNOLOGIES INC.

### Articles of Incorporation

- Chapter I      General Provisions
- Article 1:      The Company has been duly incorporated in accordance with the Company Act and titled 毅嘉科技股份有限公司 with an English name of ICHIA TECHNOLOGIES, INC.
- Article 2:      The Company's business services are as follows:
1.    CC01080 Electronics Components Manufacturing
  2.    CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
  3.    CC01110 Computer and Peripheral Equipment Manufacturing
  4.    F113050 Wholesale of Computers and Clerical Machinery Equipment
  5.    F119010 Wholesale of Electronic Materials
  6.    CA04010 Surface Treatments
  7.    CC01060 Wired Communication Mechanical Equipment Manufacturing
  8.    CC01070 Wireless Communication Mechanical Equipment Manufacturing
  9.    CQ01010 Mold and Die Manufacturing
  10.   CE01030 Optical Instruments Manufacturing
  11.   F601010 Intellectual Property Right Services
  12.   CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
  13.   F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
  14.   F401010 International Trade
  15.   ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3:      The Company may invest in domestic and overseas business entities subject to resolutions by the Board of Directors. In case of a shareholder of limited liability in the invested companies, the total cost of invested businesses is not subject to the restrictions imposed under Article 13 of The Company Act (i.e. 40% of paid up capital).
- Article 4:      The Company's headquarters shall be located in Taoyuan City, and branches may be established domestically or abroad subject to resolutions by the Board of Directors if necessary.
- Article 5:      The Company may act as an endorser/guarantor in favor of a third party for business purposes. The operation shall be subject to the Procedure for Endorsements and Guarantees of the Company.
- Chapter II      Shares of Stock
- Article 6:      The Company has authorized capital of NTD 6 billion in 600 million shares. Each

share has a par value of NT\$10. The Board of Directors is authorized to issue the unissued shares over multiple offerings.

The amount of the authorized capital mentioned in the preceding paragraph shall have NTD300 million reserved for the issuance of warrants, including employee stock options and bonds with warrants, which is equivalent to 10 million shares of NTD 10 each. The Board of Directors is authorized to make multiple issues of this capital.

Article 6-1: If the Company plans to transfer the shares repurchased by the Company to employees at a price lower than the actual average price of repurchase, the resolution to be made thereto shall be adopted by a large majority representing two thirds or more of the votes at a most recent shareholders' meeting attended by shareholders representing a majority of the total number of issued shares in accordance with Article 10-1 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" .

Article 6-2: If the Company plans to issue employee stock options at a price lower than the closing price on the issue date, the resolution adopted at the shareholders' meeting is required for the issuance in accordance with Articles 56-1 and 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

Article 6-3: The employees of the parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive the transfer of repurchased shares, the distribution of employee stock option certificates and new restricted employee shares, and subscribe new shares issued by the Company. The conditions and distribution methods are subject to the resolution of the Board of Directors.

Article 7: The stocks of the Company are registered. They shall be signed by or affixed with the stamps of at least three directors. The stocks may be issued only after being authenticated by the competent authority or the registration agency in charge of the approval. The shares issued by the Company may be exempted from printing certificates and shall be registered with the centralized securities depository enterprises.

Article 8: Changes to the name of any shareholder or transfer of share ownership shall be suspended during the sixty (60) days prior to a regular general meeting, and during the thirty (30) days prior to a special shareholders' meeting, and during the five (5) period prior to the record date of any dividend, bonus or rights distribution.

### Chapter III General Meeting of Shareholders

Article 9: The general meeting of shareholders may convene in regular sessions or special sessions. Regular sessions are usually convened by the Board of Directors once a year within 6 months after the end of a fiscal year. Special sessions may be convened at any time, as needed.

With regards to the convention of shareholder's meetings, the Company is required to notify all shareholders at least thirty (30) days before a regular shareholders' meeting or fifteen (15) days before a special shareholders' meeting with details including the date and venue of the meeting and the reasons for the convention.



Notice of convention may be given through electronic means with the consent of the respondents. Shareholders holding less than 1,000 registered shares may be informed by making an announcement for the notification specified in the preceding paragraph.

Article 10: Any shareholder who is unable to attend the shareholders' meeting in person may appoint a proxy to attend each session of the General Meeting by presenting the authorization of proxy document prepared by the Company indicating the scope of authorization. Except for trust enterprises or stock agencies approved by the competent authority, when a person acts as the proxy for two or more shareholders, the number of voting powers represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

The appointment of proxies for attending shareholders' meetings is subject to the requirements of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" published by the competent authority.

Article 11: 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.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for in relative laws, be adopted by a majority vote of the shareholders present in person or through a proxy at the meeting and representing more than one-half of the total number of the issued shares.

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's name, the methods of ratification, and a summary of the discussions and voting results, and shall be distributed to all shareholders of the company within twenty days after the close of the meeting. The minutes shall be kept persistently throughout the life of the company.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission. The minutes may be distributed by public announcement.

#### Chapter IV Director and Audit Committee

Article 13: The Company shall have 5 to 9 directors serving a three-year term. The directors shall be elected under a candidate nomination system by the shareholders' meeting from a list of candidates. The directors may be re-elected for consecutive terms. Article 195 of the Company Act shall apply to the expiration of the service term.

The number of directors mentioned in the preceding paragraph shall include no fewer than three independent directors. Independent directors and non-independent directors should be elected at the same time, but their respective elected numbers shall be calculated separately.

The functions of the independent directors and other requirements with regard to the independent directors shall be subject to relevant laws and regulations.

Article 14: The Company has set up the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be responsible for performing the duties of supervisors under the Company Act, Securities and Exchange Act, and other laws.

The Audit Committee shall be composed of the entire number of independent directors. One of the independent directors shall be the convener and at least one of whom shall have accounting or financial expertise.

The Company has set up the Remuneration Committee and may set up other functional committees for the business. The organization rules of the Remuneration Committee shall be established by the Board of Directors.

Article 15: The Board of Directors shall consist of the Company's directors. A chairman and a vice chairman shall be elected by a majority of the directors attending a meeting of the Board of Directors at which at least two-thirds of directors are present. The Chairman shall represent the Company externally.

Article 16: In the absence of the Chairman or the Chairman is unable to perform its duties, the proxy shall act in accordance with Article 208 of the Company Act.

Article 17: Except for the first meeting of each term of the Board of Directors, any meeting of the Board of Directors shall be convened and presided over by the Chairman. Unless otherwise provided for in the Company Act, any resolution of the Board of Directors shall be adopted by a majority of the directors attending a meeting of the Board of Directors at which a majority of directors are present.

Any directors who are unable to be present at the meeting for whatever reasons may appoint other directors to attend meetings on their behalf by issuing a proxy in accordance with Article 205 of the Company Act. Each director may only accept the delegation from one director.

The Board of Directors shall meet at least quarterly. A special meeting may be held whenever necessary.

The Board shall convene with the cause of the session specified in the notice 7 days in advance to the acknowledgment of all Directors. In emergency circumstances, however, a meeting of the Board of Directors may be convened whenever necessary.

The meeting notice may be sent by fax or e-mail in lieu of a written notice.

Article 18: The functions of the Board of Directors shall be subject to Article 202 of the Company Act.

Article 19: (Deleted)

Article 20: Remuneration shall be paid to the directors for the performance of their duties to the extent to which the directors participate in and contribute to the business operation of the Company. The remuneration shall not exceed the payment standard based on the job grade specified in the management rules of the Company and shall be subject to the resolution of the Board of Directors.

Article 20-1: The Company may take out liability insurance for its directors and key personnel against the claims for damage compensation filed by any stakeholders in relation to the performance of their duties during their term of office.

## Chapter V Managerial Officer

Article 21: The Company shall have a general manager and a number of deputy general managers and managers. Their appointment, discharge and remuneration shall be subject to Article 29 of the Company Act.

## Chapter VI Accounting

Article 22: At the end of each fiscal year, the board of directors shall prepare the (1) business report, (2) financial statements, and (3) motions for earnings distribution or loss offset and related documents, and shall submit them to the shareholders' meeting for ratification according to specified procedures.

Article 23: The Company shall set aside not less than 1% of its annual net profits before tax before employees' and directors' remuneration as employees' remuneration and not more than 3% as directors' remuneration, which shall be distributed by resolution of the board of directors and reported to the stockholders' meeting. However, if the Company still has accumulated losses (including the amount of adjustment to undistributed earnings), it should retain the loss make-up amount in advance. When the above-mentioned employees' remuneration is paid in stock or cash, the recipients of the payment may include employees of the parent and subordinate companies who meet certain criteria.

Article 23-1 The net profit after tax in the current period, if any, as indicated in the annual final accounting of the Company shall first be used to make up accumulated losses (including adjustment of unappropriated retained earnings) and 10% shall be set aside as legal reserve, unless the balance of the legal reserve has accumulated to the same amount as the Company's paid-up capital. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by laws or the regulations of the competent authority. If there is any residual balance, it shall be, together with the undistributed earnings at the beginning of the period (including adjustment of unappropriated retained earnings), used as dividends for shareholders. The Board of Directors shall draft an earning distribution proposal and submit it to the shareholders' meeting for approval.

The Board of Directors determines the Company's dividend policy in accordance with the business plan, investment plan, capital budget and changes in the internal and external environment. The Company may distribute all or part of the distributable earnings for the year based on financial, business and operational considerations. The percentage of cash dividends distributed shall not be less than 30% of the total dividends distributed in the year. However, if the shareholders' total dividend is less than NTD 0.50 per share, the entire amount may be distributed in the form of stock dividends.

Article 23-2: Based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, the Company shall distribute the dividend and bonus,

in whole or in part, in the form of cash and report to the most recent shareholders' meeting.

Article 23-3: Where no loss is incurred to the Company, the Board of Directors is authorized, based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, to distribute the legal reserve (to the extent of the part exceeding 25% of the paid-in capital) and the capital surplus in compliance with the Company Act, in whole or in part, in the form of cash and report to the most recent shareholders' meeting.

Article 24: The matters that are not addressed in the Articles of Incorporation shall be subject to the Company Act and relevant laws and regulations.

## Chapter VII Additional Rules

Article 25: The Articles of Incorporation were stipulated on October 27, 1989.

The 1st amendment was on May 17, 1990.

The 2nd amendment was on July 30, 1990.

The 3rd amendment was on June 28, 1992.

The 4th amendment was on June 18, 1992.

The 5th amendment was on February 15, 1993.

The 6th amendment was on June 30, 1995.

The 7th amendment was on December 1, 1995.

The 8th amendment was on May 25, 1996.

The 9th amendment was on August 30, 1996.

The 10th amendment was on June 21, 1997.

The 11th amendment was on May 23, 1998.

The 12th amendment was on June 5, 1999.

The 13th amendment was on June 5, 1999.

The 14th amendment was on May 18, 2000.

The 15th amendment was on May 18, 2000.

The 16th amendment was on May 15, 2001.

The 17th amendment was on May 15, 2001.

The 18th amendment was on May 20, 2002.

The 19th amendment was on April 15, 2003.

The 20th amendment was on June 11, 2004.

The 21st amendment was on May 18, 2005.

The 22nd amendment was on June 23, 2006.

The 23rd amendment was on June 13, 2007.

The 24th amendment was on June 19, 2008.

The 25th amendment on June 10, 2009.

The 26th amendment was on June 17, 2010.

The 27th amendment was on June 15, 2011.  
The 28th amendment was on June 15, 2012.  
The 29th amendment was on June 13, 2013.  
The 30th amendment was on June 16, 2015.  
The 31st amendment was on June 16, 2016.  
The 32nd amendment was on June 13, 2017.  
The 33rd amendment was on June 14, 2019.  
The 34th amendment was on June 12, 2020.

**ICHIA TECHNOLOGIES INC.**  
**Rules of Procedure for Shareholders' Meeting**

- i. The Company's procedure for shareholders' meeting should be governed by the rules.
- ii. Each shareholder may present the authorization of proxy document prepared by the Company with the scope of authorization defined to appoint a proxy to attend each session of the shareholders' meeting.

One shareholder may appoint one proxy and present one authorization of proxy and such document shall be delivered to the Company five days prior to the scheduled date of the shareholders' meeting. Where duplicate copies of the authorization of proxy are delivered, the earliest one delivered shall prevail. Unless a declaration is made to cancel the earlier appointment of proxy.

After the delivery of the authorization of proxy to the Company, any shareholder who desires to attend the meeting in person or cast the vote in written or electronic form shall inform the Company for the revocation of the authorization in writing two days prior to the scheduled date of the meeting. In the event of any such notice sent beyond the time limit, votes cast by the proxy at the meeting shall prevail.

- iii. When a corporation is entrusted to attend a shareholders' meeting, only one representative can be appointed to attend. If a corporate shareholder designates two or more representatives to attend a shareholders' meeting, only one person may speak on the same proposal.
- iv. Shareholders or their proxies (hereinafter referred to as the shareholders) should present attendance cards, sign-in cards, or other attendance certificates to attend a shareholder meeting. Solicitors seeking proxy forms should also bring identification documents for verification.

The Company may appoint attorneys, certified public accountants or related personnel to attend the shareholders' meeting as observers.

The Company should furnish a signature book for attending shareholders, or the attending shareholders may hand in a sign-in card instead. The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in book or the sign-in cards being surrendered, plus the votes representing the shares cast in written or electronic means.

The Company, beginning from the time it accepts shareholder attendance registrations, should make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholder meeting, and the voting and vote counting processes. The recorded materials of the preceding paragraph should be kept for at least one year. However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, they shall be kept until the end of the lawsuit.

Shares and votes shall be the basis for counting the attendees at a shareholders' meeting.

Personnel administering the shareholders' meeting shall wear ID badges or armbands at the venue of the meeting.

- v. The chair shall call the meeting to order at the scheduled meeting time and at the same time announce the number of non-voting shares and the number of shares present. If however the presence of shareholders at that point of time represent less than one-half of the total outstanding shares, the chair may announce to postpone the meeting up to two times and the total time lapsed cannot exceed one hour. If postponement has been made twice and the shareholders present in the meeting cannot represent one-half but represent more than one-third of the total outstanding shares, a tentative resolution shall be made in accordance with the provisions of Paragraph 1, Article 175 of the Company Act. If the session is still in progress with the eventual presence of shareholders representing more than half of the total outstanding shares, the chair shall once again propose the tentative resolution to the shareholders' meeting for resolution pursuant to Article 174 of the Company Act.
- vi. For a shareholders' meeting convened by the Board of Directors, the chair of the meeting shall be appointed in accordance with the provisions of Paragraph 3, Article 208 of the Company Act; whereas for a shareholders' meeting convened by any other person having the convening right, they shall act as the chair of that meeting provided, however, that if there are two or more persons having the convening right, the chair of the meeting shall be elected from amongst themselves.
- vii. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting should proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provision referred to above is applicable even when the shareholders' meeting is convened by someone other than the Board of Directors.

Before the meeting procedure is accomplished in accordance with the agenda (including impromptu motions) as stated in the preceding two paragraphs, the chair cannot announce for the adjournment of the meeting unless at the resolution of the shareholders in session.

Motions on the election or dismissal of directors, alteration of the Articles of Incorporation, capital reduction, application for ceasing the Company's status as a public company, approval for directors to engage in competing operations, surplus profits distributed in the form of new shares, reserves distributed in the form of new shares, the dissolution, merger, demerger of the Company, or anything as stated in Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be briefly explained in the cause for convening a shareholders' meeting and cannot be proposed as impromptu motions.

Where re-election of all directors and the date of their assumption of offices are stated in the causes for convening the shareholder meeting, after the completion of the re-election in the meeting such date of their assumption of offices may not be altered by any impromptu motion or other means in the same meeting.

- viii. Before speaking, an attending shareholder must specify the subject of the speech on a speaker slip, their shareholder account number and account name. The order in which shareholders speak will be set by the chair.
- ix. Shareholders who have only prepared the speech memo without taking the floor for delivery of the speech shall be deemed to have not delivered a speech. In case the content of the speech

delivered on the floor is irrelevant to the content in the speech memo, the content of the speech shall prevail.

- x. A shareholder's speech may not exceed 5 minutes.
- xi. A shareholder may not speak more than twice on the same proposal. If the shareholder's speech violates the rules or exceeds the scope of the topic, the chair may terminate the speech. When a shareholder has the floor, all other shareholders shall not interfere unless with the consent of the chair or the shareholder who is taking the floor. Any unrestrained action shall be discouraged by the chair.
- xii. After a shareholder in the meeting has expressed an opinion, the chair may respond to the issue personally or appoint specific personnel to respond to the issue.
- xiii. When discussing proposals, the proposals shall be discussed in the order of the agenda.
- xiv. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and amendments or impromptu motions put forward by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for voting, and schedule sufficient time for voting.
- xv. Resolution shall be made by a simple majority of the shareholders with voting right in session unless the Company Act or the Articles of Incorporation otherwise specified. At the time of voting, the chair or the person designated by the chair should first announce the total number of voting rights of the attending shareholders for each proposal, then the shareholders shall vote on each proposal. On the same day after the meeting, the results of shareholders' approvals, disapprovals and abstentions, shall be publicly announced.

Shareholders are entitled to one voting right for each share held, except those who are under restriction or have no voting right as stated in Article 179, Paragraph 2, of the Company Act.

The chair shall appoint the staff to supervise the casting of votes and the counting of votes on condition that such staff is a shareholder. Vote counting for shareholder meeting proposals or elections should be conducted in a public place in the shareholder meeting. Immediately after vote counting has been completed, the results of the voting, including the statistics of the number of voting rights, shall be announced on the spot in the meeting, and recorded.

The shareholders' meeting of the Company shall allow the exercise of voting rights by electronic means and in writing; in the event that the voting rights are exercised by written or electronic means, the manner of exercise shall be set forth in the notice of the shareholders' meeting. A shareholder who exercises their voting power at a shareholders' meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived their voting rights on impromptu motions and the amendments to the contents of the original proposals at that session of the shareholders' meeting.

Instructions to exercise written and electronic votes mentioned previously shall be delivered to the Company at least two days before the shareholders' meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. Unless declaration for the revocation of the previous expression of intent is made.

Shareholders who wish to attend the shareholders' meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using



the same method by which the vote was cast in the first place and by no later than two days before the day of shareholder meeting. The written or electronic vote shall prevail if not withdrawn before the cutoff time. If an expression of intent to vote in written or electronic means has been made and at the same time a proxy has been appointed to attend the meeting, the votes cast by the proxy in the meeting shall stand.

When shareholders appoint a proxy to attend the shareholders' meeting, except for a trust enterprise or a stock affairs agency approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights of that proxy must not exceed 3% of the voting rights of 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.

- xvi. The chair may command the proctors (or security personnel) to assist with the maintenance of order. The proctors (or security personnel) at the meeting venue assisting with maintenance of order shall carry ID or wear armbands marked "Proctor."
- xvii. When the meeting is in progress, if there is an air attack alarm drill, the meeting will be suspended and evacuated, and the meeting will continue after the alarm is lifted for one hour.
- xviii. The location for a shareholder meeting should be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholder meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- xix. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting place cannot be further used and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may ratify a resolution to resume the meeting at another place.

The shareholder meeting may, in accordance with the provisions of Article 182 of the Company Act, be resolved to be postponed or resumed within five days.

After the meeting is adjourned, shareholders cannot nominate another chair or seek another venue for the continuation of the meeting unless otherwise required by laws and regulations

- xx. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the company within twenty days after the close of the meeting. The minutes may be distributed by public announcement. The meeting minutes should accurately record the year, month, day, and place of the meeting, the chair's name, the methods of ratification, and a summary of the discussions and voting results (including statistics on voting rights), and disclose the number of voting rights won by each candidate as well as a list of the unsuccessful candidates and the number of voting rights they receive in the event of an election of directors. The meeting minutes should be kept for the duration of the existence of the Company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. If legal action is instituted by shareholders pursuant to Article 189 of the Company Act, the ballots shall be retained until the final ruling of the action.

- xxi. Matters not provided for in these rules shall be governed by the Company Act, relevant laws and regulations and the Company' s Articles of Incorporation.
- xxii. These Rules shall be effective upon the approval of the shareholders' meeting, and the same applies to amendments as well.

## ICHIA TECHNOLOGIES INC.

### Shareholding of all directors

1. The total number of shares issued by the Company as of April 18, 2022 was 307,536,533 shares, and the number of shares legally required to be held by all directors was 12,301,461 shares in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."
2. The shareholdings of individual shareholders and all directors as recorded on the shareholder roster as of the date of cessation of stock transfer for the regular shareholders' meeting are as follows, which are in compliance with Article 26 of the Securities and Exchange Act.

Date of cessation of stock transfer: April 18, 2022

Position	Name	Date elected	Term of office	Shares held at election		Shareholding on the shareholder roster at the date of cessation of stock transfer	
				Number of shares	Percentage % (Note)	Number of shares	Percentage %
Chairperson	Creative Investment Co., Ltd. Representative: Huang Chiu-Yung	2020.6.12	3 years	15,468,480	5.03	18,872,480	6.14
Vice Chairperson	Huang Li-Lin	2020.6.12	3 years	4,732,083	1.54	4,707,083	1.53
Director	Huang Tzu-Cheng	2020.6.12	3 years	1,285,000	0.42	1,285,000	0.42
Director	Fa La Li Investment Co., Ltd. Representative: Huang Tzu-Hsuan	2020.6.12	3 years	15,472,481	5.03	18,877,481	6.14
Independent director	Chen Tai-Jan	2020.6.12	3 years	0	0	0	0
Independent director	Huang Chin-Ming	2020.6.12	3 years	0	0	0	0
Independent director	Hsu Wan-Lung	2020.6.12	3 years	0	0	0	0
Total number of shares held by all directors				36,958,044	12.02	43,742,044	14.23

Note 1: The total number of issued shares as of June 12, 2020 was 307,536,533 shares.