

King Slide[®]

King Slide Works Co., Ltd.

Handbook for
the
2021 Annual Meeting of Shareholders
(Translation)

MEETING TIME: June 29, 2021

PLACE: No. 299, Shun An Rd, Lu Zhu District, Kaohsiung City, Taiwan
R.O.C (the basement of King Slide)

This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.

King Slide Works Co., Ltd.
Handbook for the 2021 Annual Meeting of Shareholders
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King Slide Works Co., Ltd.
Procedures for the 2021 Annual Meeting of Shareholders

I. Call the Meeting to Order

II. Chairman Remarks

III. Management Presentation

IV. Proposals

V. Discussions

VI. Election

VII. A.O.B

VIII. Adjournment

King Slide Works Co., Ltd.
Agenda of Annual Meeting of Shareholders

Time: 9 a.m. June 29, 2021

Place: Basement of the Company at No. 299, Shun An Road, Lu Zhu District, Kaohsiung City

One. Call the Meeting to Order

Two. Chairman Remarks

Three. Management Presentation

I. 2020 Business Report

II. 2020 Supervisor's Review Report

III. 2020 Employees' compensation, Directors' and Supervisors' remuneration
distribution

IV. Others

Four. Proposals

I. 2020 Business Report and Financial Statements

II. 2020 Distribution of Earnings

Five. Discussions

I. Amendment to "Articles of Incorporation"

II. Amendment to "Procedures for Election of Directors and Supervisors"

III. Amendment to "Procedures for the Acquisition and Disposal of Assets"

Six. Election

The 14th Election of the Board of Directors

Seven. A.O.B

Eight. Adjournment

I. Management Presentation

Report No. 1

2020 Business Report is presented for approval.

Explanation:

For Business Report, please refer to Annex 1 (Page 10-12 of the Agenda Handbook).

Report No. 2

2020 Supervisor's Review Report is presented for approval.

Explanation:

For Supervisor's Review Report, please refer to Annex 2 (Page 13 of the Agenda Handbook)

Report No. 3

2020 distribution of compensation to employees, directors, and supervisors

Explanation:

- (I) The adoption is made according to Article 25 of the Articles of Incorporation.
- (II) Compensation to employees is NT\$47,489,000 and remuneration to directors and supervisors is NT\$6,500,000. Both are to be distributed in cash.

Report No. 4

Other reporting items

Explanation: The proposals made by the shareholders and the candidate nomination of directors (independent directors included) in the current shareholders meeting are handled as follows:

- (I) It is processed in accordance with Article 172-1, Article 192-1 and article 216-1 of the Company Act.
- (II) A shareholder holding 1% or more of the total number of issued shares may submit a written proposal to the Company for discussion and nominate the candidates of directors (independent directors included) at the book closure date of the Annual Meeting of Shareholders.
- (III) A proposing shareholder is limited to one proposal only, and each content included in the meeting agenda shall be no more than 300 words (including text and punctuation). The proposing shareholder shall attend the meeting in person or by proxy to participate in the discussion of the proposal.
- (IV) The number of candidates nominated should not exceed the number of directors

(independent directors included) to be elected.

(V) The Company shall receive shareholder proposals and nomination of directors (independent directors included) during the period of April 15 - April 26, 2021, which should be announced on the Market Observation Post System.

(VI) The Company did not receive any proposal or nomination of candidates for directors (independent directors included) from shareholders.

II. Proposals

Item 1 Proposed by the Board of Directors

2020 Business Report and Financial Statements are presented for approval.

Explanation:

- (I) King Slide's 2020 Parent Company Only and Consolidated Financial Statements were audited by CPA Chen-Li Chen and CPA Chia-Ling Chiang of Deloitte & Touche Taiwan. Independent Auditor's Reports were issued with unmodified opinion for the Parent Company Only Statements, and unmodified opinion with emphasis of matter paragraph for the Consolidated Statements. Independent Auditor's Reports and the Business Report were approved in the board meeting on February 26, 2021 and reviewed by the Supervisors.
- (II) The aforementioned statements (please refer to Page 14 - 31 of the Agenda Handbook) and the Business Report are enclosed (please refer to Page 10 - 12 of the Agenda Handbook).

Resolutions:

Item 2 Proposed by the Board of Directors

2020 distribution of earnings is presented for approval.

Explanation:

- (I) The amount available for distribution in the current period is NT\$7,935,491,209. This is calculated by adding Net profit of 2020, NT\$1,164,588,989, to the undistributed earnings of NT\$6,889,054,100 from the previous period, less the defined benefit plan re-measurement amount with a balance of NT\$159,314 recognized as retained earnings, and appropriating a legal reserve of NT\$116,442,968 and a special reserve of NT\$1,549,598.
- (II) Earnings distribution is planned in accordance with Article 26 of the Articles of Incorporation as follows:
Cash dividends: NT\$6.12 per share is planned, totaled NT\$583,218,081.
The Board of Directors is to be authorized after the Annual shareholders' Meeting to schedule the ex-dividend date and distribution date.
- (III) The amount of unappropriated retained earnings this year, NT\$7,352,273,128, will be carried forward to the following year.
- (IV) The distribution of a cash dividend is calculated to an integral amount (rounded up to the next whole NT\$) proportionally to the shares held by the shareholders. The total amount of the odd lot for less than NT\$1 is combined in the non-operating income of the company.
- (V) Profit Distribution Table is enclosed (please refer to Annex 4, page 32)

Resolutions:

III. Discussions

Item 1 Proposed by the Board of Directors

The amendment to the Company's "Articles of Incorporation" is presented for discussion.

Explanation:

- (I) In response to establishing an audit committee and exercising its power, it is proposed to amend some of the provisions of the Company's "Articles of Incorporation".
- (II) The Comparison Table for the Company's "Articles of Incorporation" is enclosed. Please refer to Annex 5 (Page 33 - 35 of the Agenda Handbook).

Resolutions:

Item 2 Proposed by the Board of Directors

The amendment to the Company's "Procedures for Election of Directors and Supervisors" is presented for discussion.

Explanation:

- (I) In response to establishing an audit committee and exercising its power, it is proposed to amend some of the provisions of the Company's "Procedures for Election of Directors and Supervisors".
- (II) The Comparison Table for the Company's "Procedures for Election of Directors and Supervisors" is enclosed. Please refer to Annex 6 (Page 36 - 38 of the Agenda Handbook).

Resolutions:

Item 3 Proposed by the Board of Directors

The amendment to the Company's "Procedures for the Acquisition and Disposal of Assets" is presented for discussion.

Explanation:

- (I) In response to establishing an audit committee and exercising its power, it is proposed to amend some of the provisions of the Company's "Procedures for the Acquisition and Disposal of Assets".
- (II) The Comparison Table for the Company's "Procedures for the Acquisition and Disposal of Assets" is enclosed. Please refer to Annex 7 (Page 39 - 62 of the Agenda Handbook).

Resolutions:

IV. Election

Proposed by the Board of Directors

The election of the 14th Board of Directors.

Explanation:

- (I) The terms of office of the 13th Board of Directors and Supervisors of the Company expires on June 25, 2021. In accordance with the provisions of Article 195 and 217 of the Company Act, the terms of office of out-going Directors and Supervisors shall be extended until new Directors and Supervisors have been elected and assumed their office.
- (II) To establish the Audit Committee, 7 Directors (4 Independent Directors included) shall be elected through the candidate nomination system in the shareholders' meeting and the new directors shall assume their office to a three-year term, serving from June 29, 2021 to June 28, 2024.
- (III) The candidate roster of Independent Directors was approved by the meeting of the Board of Directors on February 26, 2021, and shareholders shall elect the Directors from the nominees listed in the roster of Director candidates. Please refer to Annex 8 (Page 63 - 64 of the Agenda Handbook).

Result:

V. A.O.B

VI. adjournment

The 2020 Business Report

The consolidated revenue and net operating profit in 2020 decreased by 1.38% and 2.66% from 2019, respectively. Due to currency appreciation, the Company incurred a foreign exchange loss of NT\$516,012 thousand in the current year compared with that of NT\$198,978 thousand in 2019, contributing NT\$317,034 thousand to the difference in profit before tax. The Company was not able to reflect the costs from currency appreciation and rising steel price to our customers promptly, resulting in a decrease in gross profit amounting to NT\$102,145 thousand. Operating expense decreased by NT\$48,603 thousand as COVID-19 results in fewer business trips for exhibitions; interest income decreased by NT\$97,661 thousand due to a drop in interest rate. The aforementioned factors led to a 25.26% decrease in net income, with after-tax EPS NT\$12.22. To conclude the performance in 2020, the Company would still see positive growth in operating income if the effect from the sharp appreciation of NT Dollar was excluded. The construction of a new plant featuring intelligent production lines has started in 2020, and is expected to be completed by the first quarter of 2022, operations shall begin in the second quarter of 2022. We believe this will help us improve business performance further for our shareholders in the near future. The 2020 business performance is explained as follows:

I. Business plan implementation results:

Unit: NT\$ Thousand

Item	2020	2019	Increase or decrease in amount	Change in ratio (%)
Operating revenue	4,801,405	4,868,807	(67,402)	(1.38%)
Profit from operations	1,961,609	2,015,151	(53,542)	(2.66%)
Net profit	1,164,589	1,558,250	(393,661)	(25.26%)

II. Implementation of budget: The 2020 financial forecast was not disclosed, so there is no budget achievement.

III. Financial revenue and expense and profitability analysis

Item		2020	2019
Financial structure (%)	Ratio of liabilities to assets	16.85	15.67
	Ratio of long term funding to property, plants, and equipment	635.66	836.39
Solvency (%)	Current ratio	799.32	825.27

Item		2020	2019
	Quick ratio	762.98	786.54
	Times interest earned ratio	136.66	179.17
Profitability (%)	Ratio of return on total assets	8.99	13.10
	Ratio of return on shareholders' equity	10.66	14.98
	Ratio of profit before income tax to paid-in capital	161.82	212.45
	Profit ratio	24.25	32.00
	Earnings per share (NT\$)	12.22	16.35

IV. Research development status:

The company's R&D expenditure in 2020 was NT208.825 million; as for main development status:

- (1) In response to the planning of the new generation, R&D continues to develop new slide rail kit products to be applied in standard and open rack cabinets, or other special cabinets. R&D studies all aspects of the product and considers all users in each stage, from early design to the end-users, then consolidates and evaluates product functionality, convenience, and safety. The goal is to create more diversified and efficient products under the restriction of limited spaces, this applies to slide rail kits, cable management and other products. This is also a direction for future product development in order to develop products that match the market needs.
- (2) Regarding the channel market, high-end slide rails and hinges, since series of products have already been developed, the Company is currently gathering more application insights for the existing standard products in order to build a more comprehensive product line to meet the demands of the new modern styles. Meanwhile, we actively use the insights collected to develop products with functional features that appeal to users. This will also enhance the Company's competitiveness and value in the markets for high-end kitchen, office cabinets and toolbox. In response to higher production needs, we actively develop and introduce more advanced automated production equipment to achieve smart production, thereby enabling the Company to create a low-cost and high-efficiency production conditions for all of its products.

V. Management strategy:

In line with the continuous recruitment and training of management, marketing, and R&D talents as the long-term business policy, the Company is committed to strengthening the management team and talents to become the most important assets. Other important principles are as follows:

1. The complete R&D and industrial layout of the RAIL KIT product line developed in line with cloud computing requirements;
2. The complete R&D and industrial layout of the kitchen Rail Kit product line for household consumption needs;
3. The complete R&D and industrial layout of the consumer product line for personal consumption needs;
4. The introduction of intelligent production technology to improve business management performance;
5. The establishment of global flexible production bases to meet the needs of customers in different markets;

Since its incorporation, the Company has been actively pursuing innovation and transformation to strengthen competitiveness. The Company has held a more cautious and conservative attitude in response to the changing environment. In addition to strictly implementing the cost saving and expense cutting strategy, the Company has invested more funds and resources to actively expand the markets of different industries and promote and enhance the popularity of the “King Slide” brand in the world. Also, we are actively deploying a global distribution network in order to have better business performance in the future.

Chairman: Lin Tsung-Chi President: Lin Shu-Chen Chief Accountant: Chen Yi-Nian

King Slide Works Co., Ltd.

Supervisor's Review Report

The Company's Board of Directors prepared and presented the 2020 individual financial statements, consolidated financial statements, business report, and earnings distribution proposal. The 2020 financial statements and consolidated financial statements were audited by CPA Chen-Li Chen and CPA Chia-Ling Chiang of Deloitte & Touche Taiwan with unmodified opinion for the parent and unmodified opinion with emphasis of matter paragraph for the consolidated issued in the independent auditor's report. The aforementioned accounting statements were reviewed and verified by the supervisors with a supervisor's review report prepared and presented in accordance with the provisions of Article 219 of the Company Act.

To

The Company's 2021 Annual Meeting of Shareholders

King Slide Works Co., Ltd.

Supervisor: Yin Li Investment Inc.

Representative: Lin, Jhang A-Jhu

Wu Ming-Jen

February 26, 2021

Annex 3 (Independent Auditor's Report –Financial Statements)

INDEPENDENT AUDITORS' REPORT

King Slide Works Co., Ltd.

Opinion

We have audited the accompanying financial statements of King Slide Works Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is as follows:

Recoverability of accounts receivable

As of December 31, 2020, the net amount of accounts receivable of the Company was NT\$265,493 thousand, representing 2% of the Company's total assets. Management estimated the recoverability of accounts receivable based on the IFRS. Therefore, we deemed the recoverability of accounts receivable as a key audit matter.

In addition to obtaining an understanding of the internal controls relevant to the recognition of accounts receivable, we performed the following audit procedures:

1. We verified the existence of the accounts receivable by examination of samples of confirmation letters, collection records after the balance sheets date, and delivery receipts signed by customers or shipping records.
2. We tested the aging schedule prepared by the Company against the supporting documents on a sample basis. We assessed individually the recoverability of overdue accounts or doubtful accounts and also reviewed the reasonableness of the impairment loss based on the historical experience in collection and other available information.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

responsible for the direction, supervision and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Chia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

Notice to Readers

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

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

KING SLIDE WORKS CO., LTD.**DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars)**

	December 31, 2020		December 31, 2019	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,492,360	21	\$ 2,894,097	26
Notes receivable (Notes 4 and 7)	47,658	-	40,477	-
Notes receivable - related parties (Notes 7 and 22)	79,445	1	92,527	1
Accounts receivable, net (Notes 4, 5 and 7)	265,493	2	238,209	2
Accounts receivable - related parties (Notes 7 and 22)	48,107	1	55,617	1
Other receivables	1,597	-	4,913	-
Other receivables - related parties (Note 22)	1,077	-	3,279	-
Inventories (Notes 4 and 8)	168,376	2	164,319	1
Other current assets	15,310	-	20,071	-
Total current assets	3,119,423	27	3,513,509	31
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	8,145,485	69	7,379,944	65
Property, plant and equipment (Notes 4, 10 and 23)	422,567	4	373,866	3
Software (Note 4)	2,046	-	2,654	-
Deferred tax assets (Notes 4 and 18)	45,496	-	37,606	-
Prepayments for equipment	-	-	39,254	1
Refundable deposits	281	-	281	-
Total non-current assets	8,615,875	73	7,833,605	69
TOTAL	\$ 11,735,298	100	\$ 11,347,114	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 11)	\$ 106,532	1	\$ 99,390	1
Notes payable - related parties (Notes 11 and 22)	22,518	-	26,282	-
Accounts payable (Note 11)	33,568	-	33,008	-
Accounts payable - related parties (Note 11 and 22)	20,493	-	24,281	-
Other payables (Note 12)	247,803	2	263,964	3
Other payable - related parties (Note 22)	260	-	14	-
Current tax liabilities (Notes 4 and 18)	94,573	1	81,408	1
Refund liability - current (Note 13)	3,393	-	3,092	-
Other current liabilities	6,075	-	10,669	-
Total current liabilities	535,215	4	542,108	5
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	47,090	1	48,431	1
Net defined benefit liabilities (Notes 4 and 14)	31,952	-	36,038	-
Total non-current liabilities	79,042	1	84,469	1
Total liabilities	614,257	5	626,577	6
EQUITY (Note 15)				
Ordinary shares	952,971	8	952,971	8
Capital surplus	796,691	7	796,691	7
Retained earnings				
Legal reserve	1,319,444	11	1,163,619	10
Special reserve	7,670	-	6,221	-
Unappropriated earnings	8,053,484	69	7,808,705	69
Total retained earnings	9,380,598	80	8,978,545	79
Other equity				
Exchange differences on translating the financial statements of foreign operations	(9,219)	-	(7,670)	-
Total equity	11,121,041	95	10,720,537	94
TOTAL	\$ 11,735,298	100	\$ 11,347,114	100

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

Annex 3 (Statements of Comprehensive Income)
KING SLIDE WORKS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 13, 16 and 22)	\$ 1,835,129	100	\$ 1,981,482	100
OPERATING COSTS (Notes 8, 17 and 22)	<u>1,192,362</u>	<u>65</u>	<u>1,282,886</u>	<u>65</u>
GROSS PROFIT	642,767	35	698,596	35
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(2,613)	-	(1,513)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,513</u>	<u>-</u>	<u>1,661</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>641,667</u>	<u>35</u>	<u>698,744</u>	<u>35</u>
OPERATING EXPENSES (Notes 7, 17 and 22)				
Selling and marketing	75,007	4	94,947	5
General and administrative	88,001	5	91,279	5
Research and development	102,584	6	109,072	5
Expected credit loss	<u>(578)</u>	<u>-</u>	<u>54</u>	<u>-</u>
Total operating expenses	<u>265,014</u>	<u>15</u>	<u>295,352</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>376,653</u>	<u>20</u>	<u>403,392</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 17 and 22)				
Other gains and losses	(115,120)	(6)	(36,718)	(2)
Interest income	20,782	1	57,747	3
Share of profit of subsidiaries	<u>968,578</u>	<u>53</u>	<u>1,252,716</u>	<u>63</u>
Total non-operating income and expenses	<u>874,240</u>	<u>48</u>	<u>1,273,745</u>	<u>64</u>
PROFIT BEFORE INCOME TAX	1,250,893	68	1,677,137	84
INCOME TAX EXPENSE (Notes 4 and 18)	<u>86,304</u>	<u>5</u>	<u>118,887</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>1,164,589</u>	<u>63</u>	<u>1,558,250</u>	<u>78</u>

(Continued)

KING SLIDE WORKS CO., LTD.**STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 14 and 18)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (199)	-	\$ (4,401)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>40</u>	<u>-</u>	<u>880</u>	<u>-</u>
	<u>(159)</u>	<u>-</u>	<u>(3,521)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,937)	-	(4,276)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>388</u>	<u>-</u>	<u>855</u>	<u>-</u>
	<u>(1,549)</u>	<u>-</u>	<u>(3,421)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(1,708)</u>	<u>-</u>	<u>(6,942)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,162,881</u>	<u>63</u>	<u>\$ 1,551,308</u>	<u>78</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 12.22</u>		<u>\$ 16.35</u>	
Diluted	<u>\$ 12.14</u>		<u>\$ 16.32</u>	

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

(Concluded)

Annex 3 (Statements of Changes In Equity)

KING SLIDE WORKS CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings		Unappropriated Earnings	Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 2019	\$ 952,971	\$ 796,691	\$ 986,023	\$ 6,221	\$ 7,336,894	\$ (4,249)	\$ 10,074,551
Appropriation of 2018 earnings (Note 15)							
Legal reserve	-	-	177,596	-	(177,59)	-	-
Cash dividends distributed by the Company	-	-	-	-	(905,322)	-	(905,322)
	-	-	177,596	-	(1,082,918)	-	(905,322)
Net profit for the year ended December 31, 2019	-	-	-	-	1,558,250	-	1,558,250
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,521)	(3,421)	(6,942)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,554,729	(3,421)	1,551,308
BALANCE AT DECEMBER 31, 2019	952,971	796,691	1,163,619	6,221	7,808,705	(7,670)	10,720,537
Appropriation of 2019 earnings (Note 15)							
Legal Reserve	-	-	155,825	-	(155,825)	-	-
Special reserve	-	-	-	1,449	(1,449)	-	-
Cash dividends distributed by the Company	-	-	-	-	(762,377)	-	(762,377)
	-	-	155,825	1,449	(919,651)	-	(762,377)
Net profit for the year ended December 31, 2020	-	-	-	-	1,164,589	-	1,164,589
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(159)	(1,549)	(1,708)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,164,430	(1,549)	1,162,881
BALANCE AT DECEMBER 31, 2020	\$ 952,971	\$ 796,691	\$ 1,319,444	\$ 7,670	\$ 8,053,484	\$ (9,219)	\$ 11,121,041

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

KING SLIDE WORKS CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,250,893	\$ 1,677,137
Adjustments for:		
Depreciation expense	35,333	34,726
Amortization expense	1,288	813
Expected credit loss recognized (reversed)	(578)	54
Gain on disposal of property, plant and equipment, net	(797)	(1,181)
Interest income	(20,782)	(57,747)
Share of profit of subsidiaries	(968,578)	(1,252,716)
Write-downs (reversal) of inventories	(2,603)	3,406
Unrealized gain on transactions with subsidiaries	2,613	1,513
Realized gain on transactions with subsidiaries	(1,513)	(1,661)
Net loss on foreign currency exchange	57,870	46,472
Changes in operating assets and liabilities		
Notes receivable	(7,181)	(1,710)
Notes receivable - related parties	13,082	(3,984)
Accounts receivable	(26,706)	23,300
Accounts receivable - related parties	7,510	(12,084)
Other receivables	632	1,101
Other receivables - related parties	2,202	(2,097)
Inventories	(1,454)	16,860
Other current assets	4,761	2,049
Notes payable	5,136	(2,514)
Notes payable - related parties	(3,764)	1,416
Accounts payable	560	(440)
Accounts payable - related parties	(3,788)	14,697
Other payables	(19,320)	8,403
Other payable - related parties	246	10
Refund liabilities	301	(2,378)
Other current liabilities	(4,594)	(58)
Net defined benefit liabilities	(4,285)	(6,217)
Cash generated from operations	316,484	487,170
Interest received	23,466	59,698
Dividends income	200,000	200,000
Income tax paid	(81,942)	(129,688)
Net cash generated from operating activities	<u>458,008</u>	<u>617,180</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using the equity method	-	(29,431)
Payments for property, plant and equipment	(39,716)	(43,252)
Proceeds from disposal of property, plant and equipment	898	1,181
Decrease in refundable deposits	-	3
Payments for intangible assets	(680)	(1,940)
Net cash used in investing activities	<u>(39,498)</u>	<u>(73,439)</u>

(Continued)

KING SLIDE WORKS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	<u>(762,377)</u>	<u>(905,322)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(57,870)</u>	<u>(46,472)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(401,737)	(408,053)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,894,097</u>	<u>3,302,150</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,492,360</u>	<u>\$ 2,894,097</u>

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

(Concluded)

Annex 3 (Independent Auditor's Report - Consolidated Financial Statements)
INDEPENDENT AUDITORS' REPORT
King Slide Works Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of King Slide Works Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 is as follows:

Recoverability of accounts receivable

As of December 31, 2020, the net amount of accounts receivable of the Company and its subsidiaries was NT\$1,021,874 thousand, representing 8% of the Company and its subsidiaries' total assets. Management estimated the recoverability of accounts receivable based on the IFRS. Therefore, we deemed the recoverability of accounts receivable as a key audit matter.

In addition to obtaining an understanding of the internal controls relevant to the recognition of accounts receivable, we performed the following audit procedures:

1. We verified the existence of the accounts receivable by examination of samples of confirmation letters, collection records after the balance sheets date, and delivery receipts signed by customers or shipping records.
2. We tested the aging schedule prepared by the Company and its subsidiaries against the supporting

documents on a sample basis. We assessed individually the recoverability of overdue accounts or doubtful accounts and also reviewed the reasonableness of the impairment loss based on the historical experience in collection and other available information.

Other Matter

We have also audited the parent company only financial statements of King Slide Works Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and 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 of entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Chia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

Notice to Readers

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

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS**
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,050,089	68	\$ 8,789,207	69
Notes receivable (Notes 4 and 7)	57,123	-	47,743	-
Accounts receivable, net (Notes 4, 5 and 7)	1,021,874	8	1,079,725	9
Other receivables	30,003	-	26,930	-
Inventories (Notes 4 and 8)	464,089	4	464,684	4
Other current assets	<u>21,048</u>	<u>-</u>	<u>26,814</u>	<u>-</u>
Total current assets	<u>10,644,226</u>	<u>80</u>	<u>10,435,103</u>	<u>82</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 10 and 25)	1,894,661	14	1,368,900	11
Right-of-use assets (Notes 4 and 11)	662,028	5	670,105	5
Software (Note 4)	2,810	-	3,090	-
Deferred tax assets (Notes 4 and 20)	138,712	1	69,760	1
Prepayments for equipment	31,925	-	166,463	1
Refundable deposits	<u>914</u>	<u>-</u>	<u>396</u>	<u>-</u>
Total non-current assets	<u>2,731,050</u>	<u>20</u>	<u>2,278,714</u>	<u>18</u>
TOTAL	<u>\$ 13,375,276</u>	<u>100</u>	<u>\$ 12,713,817</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 13)	\$ 339,531	3	\$ 251,012	2
Accounts payable (Note 13)	92,619	1	100,013	1
Other payables (Note 14)	554,890	4	488,833	4
Current tax liabilities (Notes 4 and 20)	277,986	2	355,704	3
Lease liabilities - current (Notes 4 and 11)	32,766	-	30,913	-
Refund liability - current (Note 15)	16,444	-	17,901	-
Other current liabilities	<u>17,409</u>	<u>-</u>	<u>20,061</u>	<u>-</u>
Total current liabilities	<u>1,331,645</u>	<u>10</u>	<u>1,264,437</u>	<u>10</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 12)	199,496	2	-	-
Deferred tax liabilities (Notes 4 and 20)	47,090	-	48,431	1
Lease liabilities - noncurrent (Notes 4 and 11)	639,346	5	644,374	5
Net defined benefit liabilities (Notes 4 and 16)	31,952	-	36,038	-
Deferred revenue - noncurrent (Notes 4 and 12)	<u>4,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>922,590</u>	<u>7</u>	<u>728,843</u>	<u>6</u>
Total liabilities	<u>2,254,235</u>	<u>17</u>	<u>1,993,280</u>	<u>16</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)				
Ordinary shares	<u>952,971</u>	<u>7</u>	<u>952,971</u>	<u>7</u>
Capital surplus	<u>796,691</u>	<u>6</u>	<u>796,691</u>	<u>6</u>
Retained earnings				
Legal reserve	1,319,444	10	1,163,619	9
Special reserve	7,670	-	6,221	-
Unappropriated earnings	<u>8,053,484</u>	<u>60</u>	<u>7,808,705</u>	<u>62</u>
Total retained earnings	<u>9,380,598</u>	<u>70</u>	<u>8,978,545</u>	<u>71</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	<u>(9,219)</u>	<u>-</u>	<u>(7,670)</u>	<u>-</u>
Total equity	<u>11,121,041</u>	<u>83</u>	<u>10,720,537</u>	<u>84</u>
TOTAL	<u>\$ 13,375,276</u>	<u>100</u>	<u>\$ 12,713,817</u>	<u>100</u>

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 15 and 18)	\$ 4,801,405	100	\$ 4,868,807	100
OPERATING COSTS (Notes 8 and 19)	<u>2,286,593</u>	<u>48</u>	<u>2,251,850</u>	<u>46</u>
GROSS PROFIT	<u>2,514,812</u>	<u>52</u>	<u>2,616,957</u>	<u>54</u>
OPERATING EXPENSES (Notes 7 and 19)				
Selling and marketing	163,306	3	185,139	4
General and administrative	182,854	4	188,643	4
Research and development	208,825	4	231,418	4
Expected credit loss reversed	<u>(1,782)</u>	<u>-</u>	<u>(3,394)</u>	<u>-</u>
Total operating expenses	<u>553,203</u>	<u>11</u>	<u>601,806</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>1,961,609</u>	<u>41</u>	<u>2,015,151</u>	<u>42</u>
NON-OPERATING INCOME AND EXPENSES (Note 19)				
Interest income	73,078	1	170,739	3
Other gains and losses	(481,175)	(10)	(149,874)	(3)
Finance costs	<u>(11,367)</u>	<u>-</u>	<u>(11,363)</u>	<u>-</u>
Total non-operating income and expenses	<u>(419,464)</u>	<u>(9)</u>	<u>9,502</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,542,145	32	2,024,653	42
INCOME TAX (Notes 4 and 20)	<u>377,556</u>	<u>8</u>	<u>466,403</u>	<u>10</u>
NET PROFIT FOR THE YEAR	<u>1,164,589</u>	<u>24</u>	<u>1,558,250</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 16 and 20)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(199)	-	(4,401)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>40</u>	<u>-</u>	<u>880</u>	<u>-</u>
	<u>(159)</u>	<u>-</u>	<u>(3,521)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,937)	-	(4,276)	-

(Continued)

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Income tax relating to items that may be reclassified subsequently to profit or loss	\$ 388 <u>(1,549)</u>	<u>-</u> <u>-</u>	\$ 855 <u>(3,421)</u>	<u>-</u> <u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(1,708)</u>	<u>-</u>	<u>(6,942)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,162,881</u>	<u>24</u>	<u>\$ 1,551,308</u>	<u>32</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ 1,164,589</u>	<u>24</u>	<u>\$ 1,558,250</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ 1,162,881</u>	<u>24</u>	<u>\$ 1,551,308</u>	<u>32</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 12.22</u>		<u>\$ 16.35</u>	
Diluted	<u>\$ 12.14</u>		<u>\$ 16.32</u>	

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

			Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 2019	\$ 952,971	\$ 796,691	\$ 986,023	\$ 6,221	\$ 7,336,894	\$ (4,249)	\$ 10,074,551
Appropriation of 2018 earnings (Note 17)							
Legal reserve	-	-	177,596	-	(177,596)	-	-
Cash dividends distributed by the Company	-	-	-	-	(905,322)	-	(905,322)
	-	-	177,596	-	(1,082,918)	-	(905,322)
Net profit for the year ended December 31, 2019	-	-	-	-	1,558,250	-	1,558,250
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,521)	(3,421)	(6,942)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,554,729	(3,421)	1,551,308
BALANCE AT DECEMBER 31, 2019	952,971	796,691	1,163,619	6,221	7,808,705	(7,670)	10,720,537
Appropriation of 2019 earnings (Note 17)							
Legal reserve	-	-	155,825	-	(155,825)	-	-
Special reserve	-	-	-	1,449	(1,449)	-	-
Cash dividends distributed by the Company	-	-	-	-	(762,377)	-	(762,377)
	-	-	155,825	1,449	(919,651)	-	(762,377)
Net profit for the year ended December 31, 2020	-	-	-	-	1,164,589	-	1,164,589
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(159)	(1,549)	(1,708)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,164,430	(1,549)	1,162,881
BALANCE AT DECEMBER 31, 2020	\$ 952,971	\$ 796,691	\$ 1,319,444	\$ 7,670	\$ 8,053,484	\$ (9,219)	\$ 11,121,041

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019****(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,542,145	\$ 2,024,653
Adjustments for:		
Depreciation expenses	194,414	175,173
Amortization expenses	1,590	1,214
Expected credit loss reversed	(1,782)	(3,394)
Finance costs	11,367	11,363
Gain on disposal of property, plant and equipment, net	(804)	(1,337)
Interest income	(73,078)	(170,739)
Write-downs (reversal) of inventories	(1,105)	4,299
Net loss on foreign currency exchange	370,256	180,264
Changes in operating assets and liabilities		
Notes receivable	(9,380)	(2,737)
Accounts receivable	59,633	(70,493)
Other receivables	(11,677)	240
Inventories	1,700	(2,968)
Other current assets	5,766	(2,340)
Notes payable	(5,148)	18,221
Accounts payable	(7,394)	26,759
Other payables	(20,214)	42,716
Refund liabilities	(1,457)	(342)
Other current liabilities	(2,652)	5,300
Net defined benefit liabilities	(4,285)	(1,815)
Cash generated from operations	2,047,895	2,234,037
Interest received	81,682	173,823
Interest paid	(11,394)	(11,363)
Income tax paid	(525,139)	(404,956)
Net cash generated from operating activities	<u>1,593,044</u>	<u>1,991,541</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(368,888)	(127,064)
Proceeds from disposal of property, plant and equipment	921	1,503
Increase in refundable deposits	(518)	-
Decrease in refundable deposits	-	5
Payments for intangible assets	(1,310)	(2,508)
Net cash used in investing activities	<u>(369,795)</u>	<u>(128,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	204,000	-
Repayment of the principal portion of lease liabilities	(32,244)	(30,420)
Cash dividends	(762,377)	(905,322)

(Continued)

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Net cash used in financing activities	<u>(590,621)</u>	<u>(935,742)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>\$ (371,746)</u>	<u>\$ (180,663)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	260,882	747,072
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,789,207</u>	<u>8,042,135</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,050,089</u>	<u>\$ 8,789,207</u>

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

Annex 4 (Earnings Distribution Statement)

King Slide Works Co., Ltd.

Profit Distribution Table

January 1 – December 31, 2020

Unit: NTD

Item	Amount
Beginning retained earnings	6,889,054,100
Defined benefit plan re-measurement amount recognized in the retained earnings	(159,314)
Adjusted beginning retained earnings	6,888,894,786
Add: Net income after tax	1,164,588,989
Less: legal reserve	116,442,968
Less: special reserve	1,549,598
Distributable earnings	7,935,491,209
Planned earnings distribution	
Less: Dividend to shareholders (cash dividend NT\$6.12 per share)	583,218,081
Unappropriated retained earnings	7,352,273,128

Note: 1. The Company's profit distribution is based on the most recent annual earnings.

2. The ex-dividend date and the issuance date of the cash dividend are to be scheduled separately by the Board of Directors with the resolution of the shareholders meeting.

Chairman: Lin Tsung-Chi President: Lin Shu-Chen Chief Accountant: Chen Yi-Nian

Annex 5 (Articles of Incorporation amendment made before and after)

King Slide Works Co., Ltd.

Articles of Incorporation amendment made before and after

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 4	The Company has a head office in Kaohsiung City, <u>Taiwan</u> , and may establish branches domestically or internationally as necessary by the resolution of the Board of Directors	The Company has a head office in Kaohsiung City and may establish branches domestically or internationally as necessary by the resolution of the Board of Directors	In accordance with current registered address, delete word 'Taiwan'.
Chapter 4 Article 16	<u>Directors and Supervisors</u> The Company has seven directors <u>and two to four supervisors designated</u> , of which, two to four independent directors who are elected according to the candidate nomination system for a 3-year term and can be re-elected. The qualifications of the independent directors and related matters shall be handled in accordance with the relevant law and regulations. For the remuneration of all directors <u>and supervisors</u> , the Board of Directors is authorized to determine it by referring to the standards of the industry. The total number of the Company's registered shares held by all of the directors <u>and supervisors</u> is determined according to the "Rules and Review Procedures for the Director and Supervisor Share Ownership Ratio at Public Companies" announced by the competent security authorities.	<u>Directors</u> The Company has seven directors, of which, two to four independent directors who are elected according to the candidate nomination system for a 3-year term and can be re-elected. The qualifications of the independent directors and related matters shall be handled in accordance with the relevant law and regulations. For the remuneration of all directors, the Board of Directors is authorized to determine it by referring to the standards of the industry. The total number of the Company's registered shares held by all of the directors is determined according to the "Rules and Review Procedures for the Director and Supervisor Share Ownership Ratio at Public Companies" announced by the competent security authorities.	The clause is amended to coordinate with the establishing of audit committee.
Article 20	The supervisors shall perform the <u>supervisory duties according to law and may attend the board meeting to express their opinions without the right to vote.</u>	<u>An audit committee composed of the entire number of independent directors was established by the Company in accordance with the Securities and Exchange Act. Powers of audit committee shall be exercised in accordance with the provisions of the Securities and Exchange Act.</u>	The clause is amended to coordinate with the establishing of audit committee.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 22	<u>The Company may purchase liability insurance for the directors and supervisors during their office term according to the liability resulting from exercising their duties</u>	The Company may purchase liability insurance for the directors during their office term according to the liability resulting from exercising their duties.	Delete the content related to the supervisors.
Article 24	The Company's fiscal year is from January 1 to December 31 of each year. At the end of each fiscal year, the Board of Directors shall prepare the following statements and <u>submit them to the supervisors for their auditing not less than 30 days before the shareholders' meeting and then</u> submitted to the shareholders' meeting for acceptance. 1. Business report 2. Financial statements 3. Surplus earning distribution or loss off-setting proposals.	The Company's fiscal year is from January 1 to December 31 of each year. At the end of each fiscal year, the Board of Directors shall prepare the following statements and submitted to the shareholders' meeting for acceptance. 1. Business report 2. Financial statements 3. Surplus earning distribution or loss off-setting proposals.	Delete the content related to the supervisors.
Article 25	If the Company makes a profit in the year, no less than 0.1% of the earnings shall be set aside as compensation to employees. The Board of Directors decides the distribution of stock dividend or cash dividend, and the employees of the subordinate companies who have met certain conditions are also entitled to the said compensation. The Company's Board of Directors may resolve to appropriate no more than 5% of the aforementioned earnings as compensation to directors <u>and supervisors</u> . The compensation to employee and to directors <u>and supervisors</u> shall be reported in the shareholders' meeting. However, if the company still has accumulated losses, it should retain a sufficient amount to offset the loss before appropriating compensation to employees and directors <u>and supervisors</u> according to the ratio stated in the preceding paragraph.	If the Company makes a profit in the year, no less than 0.1% of the earnings shall be set aside as compensation to employees. The Board of Directors decides the distribution of stock dividend or cash dividend, and the employees of the subordinate companies who have met certain conditions are also entitled to the said compensation. The Company's Board of Directors may resolve to appropriate no more than 5% of the aforementioned earnings as compensation to directors. The compensation to employee and to directors shall be reported in the shareholders' meeting. However, if the company still has accumulated losses, it should retain a sufficient amount to offset the loss before appropriating compensation to employees and directors according to the ratio stated in the preceding paragraph.	Delete the content related to the supervisors.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 28	<p>The Articles of Incorporation were enacted on September 2, 1986.</p> <p>The 1st amendment was made on December 29, 1986.</p> <p>The 2nd amendment was made on May 22, 1994.</p> <p>The 3rd amendment was made on September 18, 1995.</p> <p>The 4th amendment was made on March 14, 1998.</p> <p>The 5th amendment was made on June 13, 1999.</p> <p>The 6th amendment was made on November 5, 1999.</p> <p>The 7th amendment was made on June 15, 2000.</p> <p>The 8th amendment was made on June 20, 2001.</p> <p>The 9th amendment was made on June 29, 2002.</p> <p>The 10th amendment was made on June 29, 2003.</p> <p>The 11th amendment was made on April 30, 2004.</p> <p>The 12th amendment was made on March 16, 2005.</p> <p>The 13th amendment was made on June 28, 2005.</p> <p>The 14th amendment was made on June 16, 2006.</p> <p>The 15th amendment was made on June 28, 2007.</p> <p>The 16th amendment was made on May 16, 2008.</p> <p>The 17th amendment was made on June 24, 2010.</p> <p>The 18th amendment was made on June 27, 2012.</p> <p>The 19th amendment was made on June 23, 2016.</p>	<p>The Articles of Incorporation were enacted on September 2, 1986.</p> <p>The 1st amendment was made on December 29, 1986.</p> <p>The 2nd amendment was made on May 22, 1994.</p> <p>The 3rd amendment was made on September 18, 1995.</p> <p>The 4th amendment was made on March 14, 1998.</p> <p>The 5th amendment was made on June 13, 1999.</p> <p>The 6th amendment was made on November 5, 1999.</p> <p>The 7th amendment was made on June 15, 2000.</p> <p>The 8th amendment was made on June 20, 2001.</p> <p>The 9th amendment was made on June 29, 2002.</p> <p>The 10th amendment was made on June 29, 2003.</p> <p>The 11th amendment was made on April 30, 2004.</p> <p>The 12th amendment was made on March 16, 2005.</p> <p>The 13th amendment was made on June 28, 2005.</p> <p>The 14th amendment was made on June 16, 2006.</p> <p>The 15th amendment was made on June 28, 2007.</p> <p>The 16th amendment was made on May 16, 2008.</p> <p>The 17th amendment was made on June 24, 2010.</p> <p>The 18th amendment was made on June 27, 2012.</p> <p>The 19th amendment was made on June 23, 2016.</p> <p>The 20th amendment was made on June 29, 2021.</p>	<p>The clause is amended to update the amendment date.</p>

Annex 6 (Procedures for Election of Directors and Supervisors amendment made before and after)

King Slide Works Co., Ltd.

Procedures for Election of Directors and Supervisors amendment made before and after

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Procedure name	Procedures for Election of Directors and Supervisors	Procedures for Election of Directors	The content related to supervisors is deleted from the procedure name to coordinate with the establishing of audit committee.
Article 1	Elections of directors <u>and supervisors</u> of the Company shall be conducted according to the procedures.	Elections of directors of the Company shall be conducted according to the procedures.	As above.
Article 2	Each share of the election of directors <u>and supervisors</u> will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates.	Each share of the election of directors will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	As above.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 3	The board of directors shall prepare <u>separate</u> ballots for directors in numbers corresponding to the directors <u>or supervisors</u> to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting	The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting	As above.
Article 5	The ballot boxes for the election of directors <u>and supervisors</u> shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.	The ballot boxes for the election of directors shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.	As above.
Article 9	Candidate nomination system is adopted for the election of directors <u>and supervisors</u> of the Company, and the number of positions will be as specified in articles of incorporation. <u>According to the result of vote counting, those receiving ballots representing the highest number of voting rights will be elected sequentially according to their respective numbers of votes.</u> When two or more persons receive the same number of votes, thus exceeding the specified number of positions, the coordination shall be made, or the position remains vacant.	Candidate nomination system is adopted for the election of directors and supervisors of the Company, and the number of positions will be as specified in articles of incorporation. According to the result of vote counting, with voting rights separately calculated for positions of independent and non-independent directors, those receiving ballots representing the highest number of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, the coordination shall be made, or the position remains vacant.	As above.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 11	The notifications to the elected directors <u>and supervisors</u> shall be issued by the board of directors of the Company.	The notifications to the elected directors shall be issued by the board of directors of the Company.	As above.

Annex 7 (Procedures for the Acquisition and Disposal of Assets amendment made before and after)

King Slide Works Co., Ltd.

Procedures for the Acquisition and Disposal of Assets amendment made before and after

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 2	<p>Applicable scope of the assets</p> <p>(I) Investment in stocks, government bonds, corporate bonds, financial bonds, securities presenting interest in a fund, depositary receipts, call (put) warrants, beneficiary certificates, and asset-backed securities;</p> <p>(II) Real property (including land, houses and buildings, investment property, and <u>right-of-use land</u>) and equipment.</p> <p>(III) Memberships.</p> <p>(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(V) Financial derivatives: Refers to forward contracts, options contracts, futures contracts, leverage bonds contracts, exchange contracts, and <u>compound contracts</u> of the aforementioned products whose value is derived from <u>assets</u>, interest rates, exchange rates, indexes, or <u>other interests</u>. The so-called “forward contracts” do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchases (sales) contracts.</p> <p>(VI) Assets acquired or disposed of in accordance with law mergers, demergers, acquisitions, or transfer of shares: Refers to the acquisition and disposal of assets by a merger, demerger, or acquisition according to the Business Merger and Acquisitions Act, Financial Holding Company Act, the Financial Institution Merger Act, or other laws, or by transfer of shares (referred to as “share transfer” hereinafter) with new shares issued according to <u>paragraph 6</u> of Article</p>	<p>Applicable scope of the assets</p> <p>(I) Investment in stocks, government bonds, corporate bonds, financial bonds, securities presenting interest in a fund, depositary receipts, call (put) warrants, beneficiary certificates, and asset-backed securities;</p> <p>(II) Real property (including land, houses and buildings, and investment property) and equipment;</p> <p>(III) Memberships.</p> <p>(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(V) <u>Right-of-use assets</u></p> <p>(VI) Financial derivatives: Refers to a transaction contract whose value is derived from specific interest rates, <u>financial instrument price, product price, exchange rates, price or fee indexes, credit rating or credit index</u>, or forward contract, <u>option</u> contract, futures contract, leverage bond contract, exchange contract, portfolio of the <u>aforementioned</u> contracts, <u>embedded derivatives contracts</u>, or <u>structured products</u> derived from other variables. The so-called “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchases (sales) <u>contracts</u>.</p> <p>(VII) Assets acquired or disposed of in accordance with law mergers, demergers, acquisitions, or transfer of shares: Refers to the acquisition and disposal of assets by a merger, demerger, or acquisition according to the Business Merger and Acquisitions</p>	<p>In accordance with the provisions of International Financial Reporting Standard No. 16 “Leases”, subparagraph 5 is added to expand the scope of assets and move the current subparagraph 2 “right-of-use land” to subparagraph 5. In accordance with the definition of International Financial Reporting Standards No. 9 “Financial Instruments”, the scope of financial derivatives is amended with a rephrasing made accordingly.</p>

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	156 of the Company Act. (VII) Other major assets	Act, Financial Holding Company Act, the Financial Institution Merger Act, or other laws, or by transfer of shares (referred to as “share transfer” hereinafter) with new shares issued according to Article 156-3 of the Company Act. (VIII) Other major assets	
Article 3	<p>Appraisal procedures</p> <p>(I) When the Company obtains or disposes of securities investments or engages in the trading of financial derivatives, the Finance and Accounting Department shall conduct the relevant benefit analysis and assess possible risks. For the acquisition and disposal of real property and other assets, each unit shall formulate capital expenditure plans in advance to initiate a feasibility assessment on the purpose and expected benefit from the acquisition and disposal of assets. If the real property is obtained from a related party, the reasonableness of trading conditions shall be assessed in accordance with the provisions of Chapter 2 of the Procedures.</p> <p>(II) For the acquisition and disposal of securities, the Company shall obtain the financial statements of the target company that have recently been certified or reviewed by the accountants for reference in evaluating the transaction price before the date of occurrence. In addition, for the transaction amount reaching 20% of the Company’s paid-in capital or NT\$300 million or more, the accountants should be consulted before the date of occurrence to</p>	<p>Appraisal procedures</p> <p>(I) When the Company obtains or disposes of securities investments or engages in the trading of financial derivatives, the Finance and Accounting Department shall conduct the relevant benefit analysis and assess possible risks. For the acquisition and disposal of real property and other assets, each unit shall formulate capital expenditure plans in advance to initiate a feasibility assessment on the purpose and expected benefit from the acquisition and disposal of assets. If the real property is obtained from a related party, the reasonableness of trading conditions shall be assessed in accordance with the provisions of Chapter 2 of the Procedures.</p> <p>(II) For the acquisition and disposal of securities, the Company shall obtain the financial statements of the target company that have recently been certified or reviewed by the accountants for reference in evaluating the transaction price before the date of occurrence. In addition, for the transaction amount reaching 20% of the Company’s paid-in capital or NT\$300 million or more, the accountants should be consulted before the date of occurrence to</p>	Partial rephrasing

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>express an opinion on the reasonableness of the transaction price. If the accountants need to use a report by an expert, it shall be handled in accordance with the provisions of Statement of Auditing Standard No. 20 issued by the Accounting Research and Development Foundation. However, securities with an available market price or otherwise provided by competent securities authorities are not subject to such requirement.</p> <p>(III) In acquiring or disposing of <u>memberships</u> or intangible assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, an accountant shall be engaged to render an opinion on the reasonableness of the transaction price before the date of the occurrence in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</p> <p>(IV) The acquisition and disposal of real property <u>and</u> equipment, if any, should be handled in accordance with the provisions of Article 6 of the Procedures.</p> <p>(V) The Company, while handling the merger, division, acquisition, or transfer of shares, shall engage an accountant, attorney, or securities underwriter to express opinions on the reasonableness of the conversion ratio, the purchase price, and the cash or other property distributed to the shareholders before a board meeting is convened, and then present it to the</p>	<p>express an opinion on the reasonableness of the transaction price. If the accountants need to use a report by an expert, it shall be handled in accordance with the provisions of Statement of Auditing Standard No. 20 issued by the Accounting Research and Development Foundation. However, securities with an available market price or otherwise provided by competent securities authorities are not subject to such requirement.</p> <p>(III) In acquiring or disposing of intangible assets or <u>right-of-use assets or memberships</u> thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, unless transacting with a domestic government agency, an accountant shall be engaged to render an opinion on the reasonableness of the transaction price before the date of occurrence in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</p> <p>(IV) The acquisition and disposal of real property, equipment, <u>or right-of-use assets</u>, if any, should be handled in accordance with the provisions of Article 6 of the Procedures.</p> <p>(V) The Company, while handling the merger, division, acquisition, or transfer of shares, shall engage an accountant, attorney, or securities underwriter to express opinions on the reasonableness of the conversion ratio, the purchase price, and the cash or other property distributed to the shareholders before a board meeting is convened, and then present it to the board of directors for discussion and</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>board of directors for discussion and resolution.</p> <p>(VI) The price determination methods and references for the Company's acquisition and disposal of assets, in addition to the opinions of professional experts, accountants, and other relevant experts as stated in the preceding paragraph, shall be handled as follows:</p> <ol style="list-style-type: none"> 1. Securities acquired or disposed of that have been traded in the stock exchange market or TPEX should be determined according to the current equity or bond price. 2. Securities acquired or disposed of that are not traded in the stock exchange market or TPEX should be priced with the net worth per share, technology and profitability, future development potential, market interest rate, bond coupon rate, debtor's credit, and transaction price at the time taking into account. 3. To obtain or dispose of the membership card, it is necessary to consider the benefits that can be generated and refer to the transaction price at the time. For the acquisition and disposal of patents, copyrights, trademarks, franchise rights, and other intangible assets, it is necessary to refer to international or market practices, useful lives, and the impact on the company's technology and business. 4. The acquisition and disposal of real property <u>and</u> equipment shall be determined by referring to the announced present value, the assessed present value, the actual transaction price or book value of the adjacent real property, or the quotation of the suppliers. If the real property is acquired from a related 	<p>resolution.</p> <p>(VI) The price determination methods and references for the Company's acquisition and disposal of assets, in addition to the opinions of professional experts, accountants, and other relevant experts as stated in the preceding paragraph, shall be handled as follows:</p> <ol style="list-style-type: none"> 1. Securities acquired or disposed of that have been traded in the stock exchange market or TPEX should be determined according to the current equity or bond price. 2. Securities acquired or disposed of that are not traded in the stock exchange market or TPEX should be priced with the net worth per share, technology and profitability, future development potential, market interest rate, bond coupon rate, debtor's credit, and transaction price at the time taking into account. 3. To obtain or dispose of the membership card, it is necessary to consider the benefits that can be generated and refer to the transaction price at the time. For the acquisition and disposal of patents, copyrights, trademarks, franchise rights, and other intangible assets, it is necessary to refer to international or market practices, useful lives, and the impact on the company's technology and business. <p>The acquisition and disposal of real property, equipment, <u>or right-of-use assets</u> shall be determined by referring to the announced present value, the assessed present value, the actual transaction price or book value of the adjacent real property, or the quotation of the suppliers. If the real property is acquired from a related party, it should be calculated</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>party, it should be calculated according to the methods specified in Chapter 2 of the Procedures in order to assess whether the transaction price is reasonable or not.</p> <p>5. The trading of financial derivatives should take into account the trading conditions of the futures market, exchange rates, and the trend of interest rate.</p> <p>6. The merger, division, acquisition or transfer of shares shall take into account the nature of its business, net value per share, asset value, technology and profitability, production capacity, and future growth potential.</p>	<p>according to the methods specified in Chapter 2 of the Procedures in order to assess whether the transaction price is reasonable or not.</p> <p>5. The trading of financial derivatives should take into account the trading conditions of the futures market, exchange rates, and the trend of interest rate.</p> <p>6. The merger, division, acquisition or transfer of shares shall take into account the nature of its business, net value per share, asset value, technology and profitability, production capacity, and future growth potential.</p>	
Article 4	<p>Operating procedures</p> <p>(I) Authorized amount and Authorization Level</p> <p>1. Securities: Authorize the President to conduct transactions within the amount specified in Article 7 of the Procedures. If it meets the public announcement and filing standards as stipulated in Article 5, it shall be reported to the Chairman for verification on the next day and presented in the most recent board meeting for ratification. However, for the acquisition and disposal of stock shares, corporate bonds, and private placement securities that are not traded in the stock exchange market or TPEx for an amount meeting the public announcement and filing standard, it shall be resolved by the Board of Directors in advance. In addition, the Company's Mainland China area investment must be approved by the board of directors before it is listed for trade. After it is listed for trade, it should be implemented with the approval of the shareholders meeting or implemented</p>	<p>Operating procedures</p> <p>(I) Authorized amount and Authorization Level</p> <p>1. Securities: Authorize the President to conduct transactions within the amount specified in Article 7 of the Procedures. If it meets the public announcement and filing standards as stipulated in Article 5, it shall be reported to the Chairman for verification on the next day and presented in the most recent board meeting for ratification. However, for the acquisition and disposal of stock shares, corporate bonds, and private placement securities that are not traded in the stock exchange market or TPEx for an amount meeting the public announcement and filing standard, it shall be resolved by the Board of Directors in advance. In addition, the Company's Mainland China area investment must be approved by the board of directors before it is listed for trade. After it is listed for trade, it should be implemented with the approval of the shareholders meeting or implemented</p>	Partial rephrasing

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>by the Board of Directors with the authorization of the shareholders meeting, and may not be initiated without the approval of the Investment Commission MOEA.</p> <p>2. Trading of financial derivatives</p> <p>(1) Hedging transactions: According to the changes in the company's turnover and risk position, the Chairman designates personnel to conduct transactions for an amount of US\$1 million or less (including equivalent amount in different currency) of a single or cumulative transactions. The transaction for an amount exceeding US\$1 million should be approved by the Chairman in advance.</p> <p>(2) Non-hedging transactions: In order to reduce risks, the transactions for an amount of US\$1 million or less (including an equivalent amount in a different currency) of a single or cumulative transactions must be approved by the Chairman. Also, the transactions for an amount of US\$1 million or more of a single or cumulative transactions should be approved by the Board of Directors in advance.</p> <p>(3) In order for the company's authorization to correspond to the bank's relative supervision and management, the authorized trader must inform the bank.</p> <p>(4) The trading of financial derivatives conducted according to the aforementioned authorization shall be reported in the most recent board meeting afterwards.</p> <p>3. Acquisition of real property from related parties: Relevant information should be prepared in accordance</p>	<p>by the Board of Directors with the authorization of the shareholders meeting, and may not be initiated without the approval of the Investment Commission MOEA.</p> <p>2. Trading of financial derivatives</p> <p>(1) Hedging transactions: According to the changes in the company's turnover and risk position, the Chairman designates personnel to conduct transactions for an amount of US\$1 million or less (including equivalent amount in different currency) of a single or cumulative transactions. The transaction for an amount exceeding US\$1 million should be approved by the Chairman in advance.</p> <p>(2) Non-hedging transactions: In order to reduce risks, the transactions for an amount of US\$1 million or less (including an equivalent amount in a different currency) of a single or cumulative transactions must be approved by the Chairman. Also, the transactions for an amount of US\$1 million or more of a single or cumulative transactions should be approved by the Board of Directors in advance.</p> <p>(3) In order for the company's authorization to correspond to the bank's relative supervision and management, the authorized trader must inform the bank.</p> <p>(4) The trading of financial derivatives conducted according to the aforementioned authorization shall be reported in the most recent board meeting afterwards.</p> <p>3. Acquisition of real property <u>or right-of-use assets</u> from related parties: Relevant information should</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>with the provisions of Chapter 2 of the Procedures, and it should be resolved in the board meeting and recognized by the supervisors in advance.</p> <p>4. Mergers, demergers, acquisitions, or transfer of shares: The relevant procedures and information preparation shall be carried out in accordance with the provisions of Chapter 4 of the Procedures, where mergers, divisions, and acquisitions shall be subject to the resolution of the shareholders meeting, provided that where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, the transfer of shares shall be resolved by the Board of Directors in advance.</p> <p>5. Others: It should be handled according to the internal control system and the operating procedures stipulated by the authority. If the transaction amount reaches the public announcement and filing standard of Article 5, the equipment that is acquired or disposed of for business use can be reported to the Board of Directors for recognition afterwards, the resolution of the Board of Directors must be obtained in advance for the rest. The matters as stipulated in Article 185 of the Company Act must be resolved in the shareholders meeting in advance.</p> <p>(II) Execution unit and transaction process The Company's securities investment and trading of financial derivatives are to be implemented by the Finance and Accounting Department and the personnel designated by the Chairman. The real property and</p>	<p>be prepared in accordance with the provisions of Chapter 2 of the Procedures, and it should be resolved in the board meeting and recognized by the supervisors in advance.</p> <p>4. Mergers, demergers, acquisitions, or transfer of shares: The relevant procedures and information preparation shall be carried out in accordance with the provisions of Chapter 4 of the Procedures, where mergers, divisions, and acquisitions shall be subject to the resolution of the shareholders meeting, provided that where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, the transfer of shares shall be resolved by the Board of Directors in advance.</p> <p>5. Others: It should be handled according to the internal control system and the operating procedures stipulated by the authority. If the transaction amount reaches the public announcement and filing standard of Article 5, the equipment that is acquired or disposed of for business use can be reported to the Board of Directors for recognition afterwards, the resolution of the Board of Directors must be obtained in advance for the rest. The matters as stipulated in Article 185 of the Company Act must be resolved in the shareholders meeting in advance.</p> <p>(II) Execution unit and transaction process The Company's securities investment and trading of financial derivatives are to be implemented by the Finance and Accounting Department and the personnel designated by the Chairman. The real property and</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	other assets are to be handled by the applying departments and relevant responsible units. The mergers, divisions, acquisitions, or transfer of shares are to be handled by the units designated by the Chairman. After the acquisition and disposal of assets is assessed and approved accordingly, the execution unit shall perform the contracting, receiving, paying, delivering, and inspecting and accepting process, and shall handle the relevant operating procedures of the internal control system depending on the nature of the assets. In addition, related party transactions, the trading of financial derivatives, and mergers, demergers, acquisitions, or transfer of shares shall be handled in accordance with the provisions of Chapters 2–4 of the Procedures.	other assets are to be handled by the applying departments and relevant responsible units. The mergers, divisions, acquisitions, or transfer of shares are to be handled by the units designated by the Chairman. After the acquisition and disposal of assets is assessed and approved accordingly, the execution unit shall perform the contracting, receiving, paying, delivering, and inspecting and accepting process, and shall handle the relevant operating procedures of the internal control system depending on the nature of the assets. In addition, related party transactions, the trading of financial derivatives, and mergers, demergers, acquisitions, or transfer of shares shall be handled in accordance with the provisions of Chapters 2–4 of the Procedures.	
Article 5	<p>Public announcement and filing procedures</p> <p>(I) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and file the relevant information on the FSC’s designated website in the appropriate format as prescribed by the regulations within 2 days counting inclusively from the date of the event:</p> <p>1. Acquisition or disposal of real property thereof from or to a related party, or acquisition or disposal of assets other than real property thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company’s total assets, or NT\$300 million or more. Provided, this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements,</p>	<p>Public announcement and filing procedures</p> <p>(I) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and file the relevant information on the FSC’s designated website in the appropriate format as prescribed by the regulations within 2 days counting inclusively from the date of the event:</p> <p>1. Acquisition and disposal of real property or <u>right-of-use assets</u> thereof from or to a related party, or acquisition and disposal of assets other than real property or <u>right-of-use assets</u> thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of total assets, or NT\$300 million or more. Provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under</p>	Partial rephrasing

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Mergers, demergers, acquisitions, and transfer of shares</p> <p>3. Losses from the trading of financial derivatives reaching the limits on aggregate losses or losses on individual contracts stipulated according to paragraph 1, Article 8, Chapter 4 of the Procedures.</p> <p>4. Where <u>assets</u> acquired or disposed of thereof are equipment for business use, and the transaction counterparty is not a related party, and the transaction amount exceeds NT\$500 million.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs or Mainland China area investment is for an amount reaching 20% of the company's paid-in capital or NT\$300 million or more, such as the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. The</p>	<p>repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Mergers, demergers, acquisitions, and transfer of shares.</p> <p>3. Losses from the trading of financial derivatives reaching the limits on aggregate losses or losses on individual contracts stipulated according to paragraph 1, Article 8, Chapter 4 of the Procedures.</p> <p>4. Where equipment or <u>right-of-use assets</u> are acquired and disposed of thereof for business use, the transaction counterparty is not a related party, and the transaction amount exceeds NT\$500 million.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is <u>not a related party</u>. Also, the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs or Mainland China area investment is for an amount reaching 20% of the company's paid-in capital or NT\$300 million or more, such as the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. The</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. “Within the preceding year” refers to the year preceding the date of occurrence of the current transaction”. Items that are duly announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and supported with an appraisal reported issued by the professional appraisers or the opinions of an accountant need not be counted toward the transaction amount. Provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds;</p> <p>(2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises;</p> <p>(II) The Company shall compile monthly reports on the status of the trading of financial derivatives engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC before the 10th day of each</p>	<p>cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. “Within the preceding year” refers to the year preceding the date of occurrence of the current transaction”. Items that are duly announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and supported with an appraisal reported issued by the professional appraisers or the opinions of an accountant need not be counted toward the transaction amount. Provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of <u>domestic</u> government bonds</p> <p>(2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises;</p> <p>(II) The Company shall compile monthly reports on the status of the trading of financial derivatives engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>month.</p> <p>(III) When a public announcement is made with an error or omission in an item required by regulations to be publicly announced and it is required to correct it, all the items shall be publicly announced again and filed in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(IV) For the transactions announced and filed according to the provision of (I), under any of the following circumstances, it is necessary to publicly announce and file the relevant information on the FSC's designated website in the appropriate format as prescribed by the regulations within 2 days counting inclusively from the date of the event:</p> <ol style="list-style-type: none"> 1. The relevant contract signed for the original transaction has been changed, terminated, or canceled. 2. Mergers, demergers, acquisitions, or transfers of shares are not completed on the contractual schedule. 3. The contents originally announced and filed have changed. 	<p>FSC before the 10th day of each month.</p> <p>(III) When a public announcement is made with an error or omission in an item required by regulations to be publicly announced and it is required to correct it, all the items shall be publicly announced again and filed in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(IV) For the transactions announced and filed according to the provision of (I), under any of the following circumstances, it is necessary to publicly announce and file the relevant information on the FSC's designated website in the appropriate format as prescribed by the regulations within 2 days counting inclusively from the date of the event:</p> <ol style="list-style-type: none"> 1. The relevant contract signed for the original transaction has been changed, terminated, or canceled. 2. Mergers, demergers, acquisitions, or transfers of shares are not completed on the contractual schedule. 3. The contents originally announced and filed have changed. 	
Article 6	<p>Assets appraisal procedures</p> <p>In acquiring and disposing of real property or equipment thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of the event from a professional appraiser and shall further comply with the following provisions: Where the</p>	<p>Assets appraisal procedures</p> <p>In acquiring and disposing of real property, equipment, <u>or right-of-use assets</u> thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets</u> thereof held for business use, shall obtain an appraisal report prior to the date of the event from a professional appraiser and shall further</p>	Partial rephrasing

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>Company acquires and disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal reports or CPA opinions.</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors. <u>The same procedure shall also be followed</u> whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisal service provided by 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 perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p>	<p>comply with the following provisions:</p> <p>Where the Company acquires and disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal reports or CPA opinions.</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors. <u>The same procedure shall also be followed</u> whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisal service provided by 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 perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the 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>	<p>amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the 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 7	<p>Investment scope and amount</p> <p>In addition to the assets obtained for business use, the Company and its subsidiaries have also invested in and purchased the real property and securities that are not intended for business use with a limited amount set as follows:</p> <p>(I) The total amount of real property not intended for business use shall not exceed 50% of the net value on the Company's most recent financial report, and shall not exceed 30% of the net value on the subsidiary's most recent financial report.</p> <p>(II) The total amount of securities shall not exceed 150% of the net value on the Company's most recent financial report, and shall not exceed 150% of the net value on the subsidiary's most recent financial report.</p> <p>(III) The investment in an individual security shall not exceed 100% of the net value on the Company's most recent financial report, and shall not exceed 100% of the net value on the subsidiary's most recent financial report.</p>	<p>Investment scope and amount</p> <p>In addition to the assets obtained for business use, the Company and its subsidiaries have also invested in and purchased the real property, <u>right-of-use assets</u>, or securities that are not intended for business use with a limited amount set as follows:</p> <p>(I) The total amount of real property and <u>right-of-use assets</u> not intended for business use shall not exceed 50% of the net value on the Company's most recent financial report, and shall not exceed 30% of the net value on the subsidiary's most recent financial report.</p> <p>(II) The total amount of securities shall not exceed 150% of the net value on the Company's most recent financial report, and shall not exceed 150% of the net value on the subsidiary's most recent financial report.</p> <p>(III) The investment in an individual security shall not exceed 100% of the net value on the Company's most recent financial report, and shall not exceed 100% of the net value on the subsidiary's most recent financial report.</p>	Partial rephrasing

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 8	<p>Control over the acquisition and disposal of assets by subsidiaries</p> <p>(I) The subsidiaries of the Company shall also stipulate the “Procedures for the Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, which shall be approved by the Board of Directors of each subsidiary. It should also be submitted to the supervisors of the domestic subsidiaries and then reported in the shareholders meeting for approval. The same applies to the amendments</p> <p>(II) The acquisition and disposal of assets by subsidiaries of the Company shall also be handled in accordance with the regulations.</p> <p>(III) If the subsidiary of the Company is not a domestic public offering company, and the assets obtained or disposed of meet the public announcement and filing standards, the Company should be notified on the date of the event. Also, the public announcement and filing matters shall be handled by the parent Company on the FSC’s designated website.</p> <p>(IV) The aforementioned subsidiaries shall apply the public announcement and filing standards as stipulated in Article 5 of the Procedures. The so-called “reaching the threshold of <u>20%</u> of the company’s paid-up capital or <u>10%</u> of the total assets” as stipulated in the public announcement and filing standard of the subsidiary is based on the paid-in capital or total assets of the Company.</p>	<p>Control over the acquisition and disposal of assets by subsidiaries</p> <p>(I) The subsidiaries of the Company shall also stipulate the “Procedures for the Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, which shall be approved by the Board of Directors of each subsidiary. It should also be submitted to the supervisors of the domestic subsidiaries and then reported in the shareholders meeting for approval. The same applies to the amendments</p> <p>(II) The acquisition and disposal of assets by subsidiaries of the Company shall also be handled in accordance with the regulations.</p> <p>(III) If the subsidiary of the Company is not a domestic public offering company, and the assets obtained or disposed of meet the public announcement and filing standards, the Company should be notified on the date of the event. Also, the public announcement and filing matters shall be handled by the parent Company on the FSC’s designated website.</p> <p>(IV) The aforementioned subsidiaries shall apply the public announcement and filing standards as stipulated in Article 5 of the Procedures. The requirement of “paid-up capital or total assets” is based on the paid-in capital or total assets of the Company.</p>	Partial rephrasing
Article 11	<p>Resolution procedures</p> <p>When the Company intends to acquire or dispose of real property thereof from or to a related party, or when it intends to</p>	<p>Resolution procedures</p> <p>When the Company intends to acquire or dispose of real property or <u>right-of-use assets</u> thereof from or to a related party, or</p>	The clause is amended in accordance with the law.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>acquire or dispose of assets other than real property thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</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>(III) With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and the 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 signing of the contract, 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 obtained in compliance with the provisions of Article 10.</p>	<p>when it intends to acquire or dispose of assets other than real property or <u>right-of-use assets</u> thereof 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 NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</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>(III) With respect to the acquisition of real property or <u>right-of-use assets</u> thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of exclusion as stipulated in Article 12 and Article 13.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and the 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 signing of the contract, evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 5, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p><u>The acquisition and disposal of equipment for business use</u> between the Company and its parent company or subsidiaries should be handled in accordance with the <u>operating procedures</u> as stipulated in Article 4.</p>	<p>professional appraiser or a CPA’s opinion obtained in compliance with the provisions of Article 10.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 5, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the following transactions conducted between the Company and its parent company and subsidiaries, <u>or subsidiaries where the Company directly or indirectly holds 100% of the issued shares or total capital, the Company’s Board of Directors may, pursuant to the regulations of Article 4, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in the next board meeting:</u></p> <p><u>(I) Acquire or dispose of equipment or right-of-use assets thereof for business use.</u></p> <p><u>(II) Acquire or dispose of real property right-of-use assets for business use.</u></p>	
Article 12	<p>Assessing the reasonableness of the transaction conditions</p> <p><u>When the Company acquires real property from a related party, except for when the related party has acquired the real property through inheritance or as a gift, or more than 5 years have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction, or the real property is acquired through signing of a joint</u></p>	<p>Assessing the reasonableness of the transaction conditions</p> <p>Where the Company acquires real property or <u>right-of-use assets</u> thereof from a related party and appraises the reasonableness of the transaction cost according to the following methods:</p> <p>(I) Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the</p>	<p>The clause is amended in accordance with the law.</p>

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p><u>development contract with the related party, or through engaging a related party to build real property, either on the company's own land on rented land, it is necessary to assess the reasonableness of the trading cost according to the following methods and engage a CPA to check the appraisal and render a specific opinion.</u></p> <p>(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property, provided that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as a security for a loan, provided that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or longer. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(III) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with any of the means listed in the preceding paragraphs (I) and (II).</p>	<p>weighted average interest rate on borrowing in the year the company purchases the property, provided that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as a security for a loan, provided that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or longer. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or <u>leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with any of the means listed in the preceding paragraph.</p> <p><u>The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding 2 paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</u></p> <p><u>Where the Company that acquires real property or right-of-use assets thereof from a related party and with any of the following conditions should be handled in accordance with the provisions of the preceding article and the first three provisions shall not apply:</u></p> <p>(I) The related party acquired the real</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
		<u>property or right-of-use assets thereof through inheritance or as a gift;</u> (II) <u>The time for the related party to sign a contract to acquire the real property or right-of-use assets has been more than five years from the date of the transaction.</u> (III) <u>The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</u> (IV) <u>The Company and its parent company, subsidiaries, or subsidiaries where the Company directly or indirectly holds 100% of the issued shares or total capital, acquire the right-of-use assets for business use.</u>	
Article 13	<p>The matters to be handled when the imputed transaction cost is uniformly lower than the transaction price:</p> <p>When the results of the appraisal conducted in accordance with the preceding Article are uniformly lower than the transaction price, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, it shall be handled in accordance with the provision of paragraph 3.</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are</p>	<p>The matters to be handled when the imputed transaction cost is uniformly lower than the transaction price:</p> <p>When the results of the appraisal conducted in accordance with the preceding Article are uniformly lower than the transaction price, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, it shall be handled in accordance with the provision of paragraph 3.</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are</p>	<p>The clause is amended in accordance with the law.</p>

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed as the average gross operating profit margin of the related party’s construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after the calculation of reasonable price discrepancies in floor or area land prices in accordance with the standard property market sale practices.</p> <p>3. <u>Lease transactions by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are concluded to be similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.</u></p> <p>(II) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of</p>	<p>valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed as the average gross operating profit margin of the related party’s construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2. Transactions of the unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after the calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sales or <u>lease</u> practices.</p> <p>(II) Where the Company acquiring real property or <u>right-of-use assets</u> by leasing from a related party provides evidence that the terms of the transaction are similar to the terms of transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>The transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value. Transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction.</p> <p>Within the preceding year refers to the year preceding the date of occurrence of</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>in publicly announced current value. Transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. Within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property. Where the Company acquires real property thereof from a related party and the results of appraisals conducted in accordance with the preceding paragraph are uniformly lower than the transaction price, and without any of the conditions as stated in paragraph 1 of this Article, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost in accordance with paragraph 1 of Article 41 of the Securities Exchange Act, and may not be distributed or used for capital increase or issuance of bonus shares. The appropriated special reserve may not be used until recognizing a loss on decline in market value of the assets purchased, or the assets have been disposed of, 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.</p> <p>(II) The supervisors shall have it handled in accordance with Article 218 of the Company Act.</p> <p>(III) Actions taken pursuant to <u>subparagraphs 1 and 2</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p>	<p>the acquisition of the real property <u>or right-of-use assets thereof</u>.</p> <p>Where the Company acquires real property <u>or right-of-use assets</u> thereof from a related party and the results of appraisals conducted in accordance with the preceding two paragraphs are uniformly lower than the transaction price, and without any of the conditions as stated in paragraph 1 of this Article, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside against the difference between the real property <u>or right-of-use assets</u> transaction price and the appraised cost in accordance with paragraph 1 of Article 41 of the Securities Exchange Act, and may not be distributed or used for capital increase or issuance of bonus shares. The appropriated special reserve may not be used until recognizing a loss on decline in the market value of the assets purchased or leased, or the assets have been disposed of or the <u>lease</u> 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.</p> <p>(II) The supervisors shall have it handled in accordance with Article 218 of the Company Act.</p> <p>(III) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p>	

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
Article 15	<p>Risk management measures</p> <p>The Company is engaged in the trading of financial derivatives with the risk management scope and risk management measures to be adopted as follows:</p> <p>(I) Credit risk considerations: The selection of the transaction counterparty is based on the principle of financial institutions and futures brokers who have a good reputation with the company and can provide professional information.</p> <p>(II) Market risk considerations: The losses that may occur in the future market price fluctuations of financial derivatives are uncertain. Therefore, the stop-loss point for the established position should be strictly adhered to.</p> <p>(III) Liquidity risk considerations: In order to ensure the liquidity of financial derivatives, the trading institution must have sufficient equipment, information, and trading capabilities and be able to trade in any market.</p> <p>(IV) Operational risk considerations: The authorization amount and work flow must be strictly observed to avoid the risk of operation.</p> <p>(V) Legal risk considerations: Any contract documents signed with financial institutions should be an international standardization document whenever possible to avoid legal risks.</p> <p>(VI) Financial product risk considerations: Internal traders should have comprehensive and correct expertise in the trading of financial derivatives in order to avoid misuse of financial derivatives with losses resulting.</p> <p>(VII) Cash delivery risk consideration: Authorized traders should strictly comply with the provisions within the</p>	<p>Risk management measures</p> <p>The Company is engaged in the trading of financial derivatives with the risk management scope and risk management measures to be adopted as follows:</p> <p>(I) Credit risk considerations: The selection of the transaction counterparty is based on the principle of financial institutions and futures brokers who have a good reputation with the company and can provide professional information.</p> <p>(II) Market risk considerations: The losses that may occur in the future market price fluctuations of financial derivatives are uncertain. Therefore, the stop-loss point for the established position should be strictly adhered to.</p> <p>(III) Liquidity risk considerations: In order to ensure the liquidity of financial derivatives, the trading institution must have sufficient equipment, information, and trading capabilities and be able to trade in any market.</p> <p>(IV) Operational risk considerations: The authorization amount and work flow must be strictly observed to avoid the risk of operation.</p> <p>(V) Legal risk considerations: Any contract documents signed with financial institutions should be an international standardization document whenever possible to avoid legal risks.</p> <p>(VI) Financial product risk considerations: Internal traders should have comprehensive and correct expertise in the trading of financial derivatives in order to avoid misuse of financial derivatives with losses resulting.</p> <p>(VII) Cash delivery risk consideration: Authorized traders should strictly comply with the provisions within the</p>	Rephrasing

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>authorization amount, and should pay attention to the company's cash flow in order to ensure sufficient cash payment at the time of delivery.</p> <p>(VIII) Traders and operators responsible for confirmation and delivery may not be the same person.</p> <p>(IX) Confirmation personnel should regularly reconcile with the bank in person or by letter, and check whether the total amount of the transaction exceeds the upper limit specified in the Procedures.</p> <p>(X) The risk measurement, supervision, and control personnel shall be assigned to a department different from the personnel as specified in paragraph (I), and shall report to the Board of Directors or to the senior director who is not responsible for trading or the decision of the transaction or position.</p> <p>(XI) The held position should be evaluated at least once a week, but the hedging transactions needed for business operation should be evaluated at least twice a month. The evaluation report should be <u>presented</u> to the senior executive authorized by the Board of Directors (Note: the senior management of the non-executive units should be designated).</p>	<p>authorization amount, and should pay attention to the company's cash flow in order to ensure sufficient cash payment at the time of delivery.</p> <p>(VIII) Traders and operators responsible for confirmation and delivery may not be the same person.</p> <p>(IX) Confirmation personnel should regularly reconcile with the bank in person or by letter, and check whether the total amount of the transaction exceeds the upper limit specified in the Procedures.</p> <p>(X) The risk measurement, supervision, and control personnel shall be assigned to a department different from the personnel as specified in paragraph (I), and shall report to the Board of Directors or to the senior director who is not responsible for trading or the decision of the transaction or position.</p> <p>(XI) The held position should be evaluated at least once a week, but the hedging transactions needed for business operation should be evaluated at least twice a month. The evaluation report should be submitted to the senior executive authorized by the Board of Directors (Note: the senior management of the non-executive units should be designated).</p>	
Article 16	<p>Internal audit system</p> <p>(I) The internal auditors of the Company shall regularly understand the adequacy of the internal control for the trading of financial derivatives, and conduct monthly audits in accordance with the prescribed conditions on the trading of financial derivatives of the trading department with an audit report issued. The identified major nonconformities, if any, should be immediately reported</p>	<p>Internal audit system</p> <p>(I) The internal auditors of the Company shall regularly understand the adequacy of the internal control for the trading of financial derivatives, and conduct monthly audits in accordance with the prescribed conditions on the trading of financial derivatives of the trading department with an audit report issued. The identified major nonconformities, if any, should be immediately reported</p>	The clause is amended in accordance with the law.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
	<p>to the Chairman and the senior executive appointed by the Board of Directors and with the supervisors informed in writing.</p> <p>(II) The audit personnel of the Company shall include the trading of financial derivatives in the audit plan, and report the implementation of the last annual audit plan to the competent authority before the end of February of the following year, and report the corrected nonconformities to the competent authorities for future reference before the end of May of the following year.</p>	<p>to the Chairman and the senior executive appointed by the Board of Directors and with the supervisors informed in writing.</p> <p><u>(If independent directors have been appointed, they should also be informed in writing while having the supervisors informed regarding the matters stated in the preceding paragraph.)</u></p> <p>(II) The audit personnel of the Company shall include the trading of financial derivatives in the audit plan, and report the implementation of the last annual audit plan to the competent authority before the end of February of the following year, and report the corrected nonconformities to the competent authorities for future reference before the end of May of the following year.</p>	
Article 25	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of the trade party:	<p>Professional appraisers (referring to real property appraisers or other persons who are legally engaged in real property and equipment valuation operations) and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p><u>(I) May not have previously received a final and un-appealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, and Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of the service of the</u></p>	The clause is amended in accordance with the law.

Clause No.	Current Clause	Clause No. after amendment	Reason for amendment
		<p><u>sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(II) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(III) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>(II) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>(III) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable law and regulations.</u></p>	

Annex 8 (Candidates of Directors and Independent Directors)

No.	Shareholder account number or identification number	Name	Gender	Shareholding	Selected Education and Experience	Remark
1	1	Lin Tsung-Chi	Male	8,260,121	Dahu Elementary School Chairman of Hu Lin Enterprise Co., Ltd. President of King Slide Works Co., Ltd. Chairman of King Slide Works Co., Ltd.	Candidate of director
2	22	Long Shen Investment Inc. Representative: Lin Tsung-Lung	Male	6,232,767	Dept. of Mechanical Engineering, Southern Taiwan University of Science and Technology Factory Manager of Hu Lin Enterprise Co., Ltd. Vice president of King Slide Works Co., Ltd. Chairman of Long Shen Investment Inc.	Candidate of director
3	49	Wang Chun-Chiang	Male	1,112,000	Department of Accounting, National Chung Hsing University Clerk in Bank of Taiwan Reporter in Commercial Times Manager in Quality Assurance Department of King Slide Works Co., Ltd. Special Assistant to the Chairman of King Slide Works Co., Ltd. Sales Manager of King Slide Works Co., Ltd.	Candidate of director
4	Q120xxxx28	Hsu Fang-Yih	Male	0	Department of Accounting, National Chung Hsing University EMBA Program, National Sun Yat-sen University Associate in Taiwan Cooperative Bank Senior Manager, Manager, Assistant Manager, and In-charge in Deloitte & Touche Limited CPA	Candidate of independent director
5	E12038xxxx	Cai Wen-Zhi	Male	0	Department of Industrial Engineering, Tunghai University Quality Assurance Manager of DYNAHZ Technologies Corporation. Quality Assurance Manager of King Slide Works Co., Ltd. Senior Manager in Business Management Department of Adlink Technology Inc.	Candidate of independent director

No.	Shareholder account number or identification number	Name	Gender	Shareholding	Selected Education and Experience	Remark
6	S22033xxxx	WU,HSIU	Female	0	School of Accounting and Statistics, KuoChi College of Business Assistant Specialist of Kaohsiung Business Bank	Candidate of independent director
7	20606	YANG,FU- HSUAN	Female	1,000	School of Accounting and Statistics, KuoChi College of Business Staff, Section Head, Section Manager, and Assistant Manager of finance department of Sino-Japan Electric Heater Co., Ltd.	Candidate of independent director

Appendix 1 (Articles of Incorporation)

Articles of Incorporation of King Slide Works Co., Ltd.

Chapter 1 General Provisions

- Article 1 The Company is named “King Slide Works Co.,Ltd.” organized under the Company Act.
- Article 2 The Company’s scope of business is as follows:
- I. CA02990 Other fabricated metal products manufacturing not elsewhere classified
 - II. CB01010 Mechanical and equipment manufacturing
 - III. CC01080 Electronic parts and components manufacturing
 - IV. CC01110 Computers and computing peripheral equipments manufacturing
 - V. CC01990 Electrical machinery, supplies manufacturing
 - VI. F106010 Wholesale of ironware
 - VII. F401010 International trade
 - VIII. 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 provide endorsement or guarantee and act as a guarantor.
- Article 4 The Company has a head office in Kaohsiung City, Taiwan, and may establish branches domestically or internationally as necessary by the resolution of the Board of Directors.
- Article 5 The Company’s investment in other businesses is not subject to the restriction of “investment not exceeding 40% of the Company’s paid-in capital” as stipulated in the Company Act.

Chapter 2 Shares

- Article 6 The Company’s authorized capital amount is NT\$1.38 billion, divided into 138 million shares at NT\$10 par and issued in installments.
- The Board of Directors is authorized to have the unissued shares issued according to actual needs. For the total capital as stated in the preceding paragraph, an amount of NT\$25 million is available for the issuance of employee stock options, totaling 2.5 million shares at NT\$10 par. The Board of Directors is authorized to resolve and issue stock shares according to actual needs.
- Article 7 The Company’s stocks shall all be in registered form, affixed with the signatures or personal seals of more than three directors, and sequentially numbered. They are also certified by the competent authority or its approved issuing and registration agency before issuance.
- Article 8 The new shares issued by the Company may be printed into a consolidated share certificate with the total amount and may be exempted from printing any share certificate for the shares issued.
- The shares issuance as stated in the preceding paragraph shall be registered by or be placed under the custody of the centralized securities depository enterprise, and may be replaced with the security with large par value at the request of the centralized securities depository enterprise.
- Article 9 Shareholders of the Company shall, in the course of handling share transfer, pledge of rights, registration for loss, succession, gifts, loss of seal, amendment of seal or change of address, and exercise all their rights, unless specified otherwise by law and securities regulations, comply with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.

- Article 10 The transfer of shares shall be suspended within 60 days before the annual shareholders' meeting, within 30 days before the special shareholders' meeting, or within 5 days before the date fixed by the company for distribution of dividends, bonus or other benefits.

Chapter 3 Shareholders' Meeting

- Article 11 Shareholders meetings include annual meetings and special meetings. The annual shareholders' meeting shall be held once a year and convened within 6 months after the end of each fiscal year, and all shareholders shall be informed by a notice 30 days prior to the scheduled meeting date. The special shareholders' meetings shall be convened when necessary, and all shareholders shall be informed by a notice 15 days prior to the scheduled date.

The aforementioned notice shall be with the date, place, and the purpose of the meeting clearly stated. A shareholders meeting, unless otherwise provided by the Company Act, is convened by the Board of Directors.

- Article 12 When a shareholder is unable to attend the shareholders' meeting for any reason, he/she may appoint a proxy with a power of attorney published by the Company, stated the scope of authority, to attend the meeting. When one person is concurrently appointed as the proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

With regard to the process of Shareholders attending the meeting by a proxy, unless otherwise provided by the Company Act, should be handled in accordance with the provisions of the "Regulations Governing the use of Proxies for Attendance at the Shareholder Meetings of Public Companies" announced by the competent authorities.

- Article 13 A shareholders' meeting, unless otherwise provided by the Company Act, is to be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers of the Chairman for any reason, the Chairman shall appoint one of the directors to act as the Chairman. Where the Chairman does not make such a designation, the directors shall elect from among themselves one person to serve as the Chairman. The shareholders' meeting shall be handled in accordance with the Company's "Rules of Procedure for Shareholders' Meetings".

- Article 14 The resolutions of the shareholders' meeting, unless otherwise provided by the Company Act, shall be reached with the attendance of the shareholders who have had the majority of the shares issued, and with the consent of the attending shareholders who have had the majority of the voting rights. The shareholders of the Company have one vote per share, but those who have had events as stipulated in Article 179 of the Company Act have no voting rights.

- Article 15 The resolutions of the shareholders meeting shall be recorded in the minutes of the meeting, which shall be signed or sealed by the Chairman, and the minutes of the meeting shall be distributed to the shareholders within 20 days after the meeting.

The distribution of the minutes of the meeting as stated in the preceding paragraph shall be handled in accordance with the provisions of the Company Act.

The minutes of the meeting shall be prepared with the information of the year, month, day, place of the

meeting, the name of the Chairman, the method of resolution, the essentials of the proceedings, and the results of the meeting. The minutes shall be kept persistently throughout the existence of the Company.

The attendance registry and the powers of attorney of the proxies of the shareholders meeting shall be retained for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the records shall be retained until the conclusion of the litigation.

Chapter 4 Directors and Supervisors

Article 16 The Company has seven directors and two to four supervisors designated, of which, two to four independent directors who are elected according to the candidate nomination system for a 3-year term and can be re-elected. The qualifications of the independent directors and related matters shall be handled in accordance with the relevant law and regulations.

For the remuneration of all directors and supervisors, the Board of Directors is authorized to determine it by referring to the standards of the industry.

The total number of the Company's registered shares held by all of the directors and supervisors is determined according to the "Rules and Review Procedures for the Director and Supervisor Share Ownership Ratio at Public Companies" announced by the competent security authorities.

Article 17 The Board of Directors shall be organized by the directors. The directors shall elect among themselves one person to serve as Chairman for managing the business operation and representing the company externally. Also, a Vice Chairman can be elected depending on the actual needs of the business operation.

Article 18 A board meeting is to be convened by the Chairman. A board meeting is chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as Chairman. Where the Chairman does not make such a designation, the directors shall elect from among themselves one person to serve as Chairman. In case a meeting of the board of directors is proceeded via visual communication network, then directors attend such a visual communication meeting are deemed to be present in person.

If a director is unable to attend the board meeting for any reason, he/she may appoint another director to act in his/her behalf by proxy with the scope of authorization stated, but the director shall act as the proxy of one other director only.

Article 19 The resolutions of the Board of Directors, unless otherwise provided by the Company Act, shall be reached with the attendance of the majority of directors, and with the consent of the majority of the attending directors.

Article 20 The supervisors shall perform the supervisory duties according to law and may attend the board meeting to express their opinions without the right to vote.

Article 21 The board meeting notice should be prepared with the purpose of convening the meeting stated and it can be issued in writing or by fax or E-mail.

Chapter 5 Insurance

Article 22 The Company may purchase liability insurance for the directors and supervisors during their office term according to the liability resulting from exercising their duties.

Chapter 6 Managers

Article 23 The Company may have managers appointed with their appointment, dismissal, and remuneration handled in accordance with the provisions of Article 29 of the Company Act.

Chapter 7 Accounting

Article 24 The Company's fiscal year is from January 1 to December 31 of each year. At the end of each fiscal year, the Board of Directors shall prepare the following statements and submit them to the supervisors for their auditing not less than 30 days before the shareholders' meeting and then submitted to the shareholders' meeting for acceptance.

1. Business report
2. Financial statements
3. Surplus earning distribution or loss off-setting proposals.

Article 25 If the Company makes a profit in the year, no less than 0.1% of the earnings shall be set aside as compensation to employees. The Board of Directors decides the distribution of stock dividend or cash dividend, and the employees of the subordinate companies who have met certain conditions are also entitled to the said compensation. The Company's Board of Directors may resolve to appropriate no more than 5% of the aforementioned earnings as compensation to directors and supervisors. The compensation to employee and to directors and supervisors shall be reported in the shareholders' meeting. However, if the company still has accumulated losses, it should retain a sufficient amount to offset the loss before appropriating compensation to employees and directors and supervisors according to the ratio stated in the preceding paragraph.

Article 26 The Company's earnings, if any, should be applied for distribution as follows:

1. Pay taxes and dues by law
2. Offset the accumulated losses,
3. Set aside 10% of said profits as legal reserve. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased.
4. The special reserve shall be appropriated or reversed according to law and regulations.
5. The remaining amount, if any, plus the accumulated undistributed earnings shall be available for distribution according to the proposal of the Board of Directors. The distribution of dividends to the shareholders should be presented in the shareholders meeting for resolutions.

The Company engages in an innovative industry with products widely used in various industries, such as cloud servers, network communication, kitchen ware, and consumer electronics. The environment is changing, the business development is growing, and the dividend policy is in line with current and future development plans. Considering the investment environment, capital demand, and domestic and international competition, and taking into account the interests of shareholders, part of the earnings should be retained for the company's operational needs. The remaining amount of the earnings can be distributed in cash or stock, where the cash dividend is not less than 10% of the total dividend.

- Article 27 The matters not covered in the Articles of Incorporation will be handled in accordance with the provisions of the Company Act.
- Article 28 The Articles of Incorporation were enacted on September 2, 1986.
- The 1st amendment was made on December 29, 1986.
- The 2nd amendment was made on May 22, 1994.
- The 3rd amendment was made on September 18, 1995.
- The 4th amendment was made on March 14, 1998.
- The 5th amendment was made on June 13, 1999.
- The 6th amendment was made on November 5, 1999.
- The 7th amendment was made on June 15, 2000.
- The 8th amendment was made on June 20, 2001.
- The 9th amendment was made on June 29, 2002.
- The 10th amendment was made on June 29, 2003.
- The 11th amendment was made on April 30, 2004.
- The 12th amendment was made on March 16, 2005.
- The 13th amendment was made on June 28, 2005.
- The 14th amendment was made on June 16, 2006.
- The 15th amendment was made on June 28, 2007.
- The 16th amendment was made on May 16, 2008.
- The 17th amendment was made on June 24, 2010.
- The 18th amendment was made on June 27, 2012.
- The 19th amendment was made on June 23, 2016.

King Slide Works Co., Ltd.
Chairman: Lin Tsung-Chi

Appendix 2 (Rules of Procedure for Shareholders Meetings)

King Slide Works Co., Ltd.

Rules of Procedure for Shareholders' Meeting

It was resolved in the regular shareholders' meeting on June 16, 2006 for implementation.

- I. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by the Company Act, shall be as provided in these Rules.
- II. The shareholders meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
- III. Attendance and voting at a shareholders meeting shall be calculated based on the number of shares.
- IV. The venue for a shareholders meeting shall be where the Company is located, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- V. If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the board. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman. If there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the managing directors to act as Chairman. If there is no managing directors in service, a director should be appointed to act in place of the Chairman. Where the Chairman does not make such a designation, the managing directors or the directors shall elect from among themselves one person to serve as Chairman.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.
- VI. The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders' meeting.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- VII. The process of the shareholders' meeting should be recorded with video or audio uninterruptedly and the video or audio recording shall be retained for at least 1 year.
- VIII. The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1 of Article 175 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number

of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

- IX. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

The Chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

After the meeting is adjourned, the shareholders may not elect another Chairman to continue the meeting at the original site or another place. However, if the Chairman declares the meeting adjourned in violation of the rules of procedure, the other board directors shall promptly assist the attending shareholders in electing a new Chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

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

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

- XI. Except with the consent of the Chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chairman may stop such act or terminate the speech discretionally.

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

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

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

- XIV. When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

- XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman,

provided that all monitoring personnel shall be shareholders of the Company.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

XVI. When a meeting is in progress, the Chairman may announce a break based on time considerations.

XVII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of voting, if the Chairman has consulted the attending shareholders without any objection raised, it shall be deemed as passed and its validity shall be the same as the voting.

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

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

XX. The matters not specified in the Rules shall be handled in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company, and other relevant law and regulations.

XXI. These Rules and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix 3 (Procedures for Election of Directors and Supervisors)

King Slide Works Co., Ltd.

Procedures for Election of Directors and Supervisors

Date of amendment: June 23, 2016

Article 1: Elections of directors and supervisors of the Company shall be conducted according to the procedures.

Article 2: Each share of the election of directors and supervisors will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 3: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.

Article 4: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.

Article 5: The ballot boxes for the election of directors and supervisors shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 6: For the candidate as a shareholder, a voter must fill the candidate's shareholder account name and account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall fill the candidate's full name and identification number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder, or both the name of the governmental organization or juristic-person shareholder and the name of its representative shall be filled in the column for the candidate's account name in the ballot paper. When there are multiple representatives, the names of each representative shall be filled in respectively.

Article 7: The voting rights of the directors shall be calculated separately for the positions of independent and non-independent directors.

Article 8: A ballot is invalid under any of the following circumstances:

- (I) The ballot is not as specified in this procedures.
- (II) A blank ballot is placed in the ballot box.
- (III) The writing is unclear and indecipherable or has been altered.
- (IV) The shareholder account name and number of the candidate as a shareholder do not conform to the shareholder register, or the full name and identification number of the non-shareholder candidate

do not be verified.

- (V) Other words or marks are filled in the ballot paper other than the candidate's shareholder account name (full name), account number (identification number), and the number of voting rights allotted.
- (VI) The candidate's shareholder account name (full name) or account number (identification number) do not be filled in.
- (VII) Multiple candidates are filled in the same ballot.

Article 9: Candidate nomination system is adopted for the election of directors and supervisors of the Company, and the number of positions will be as specified in articles of incorporation. According to the result of vote counting, those receiving ballots representing the highest number of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, the coordination shall be made, or the position remains vacant.

Article 10: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article 11: The notifications to the elected directors and supervisors shall be issued by the board of directors of the Company.

Article 12: The matters not specified in the procedures shall be handled in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company, and other relevant law and regulations.

Article 13: These procedures and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix 4 (Procedures for the Acquisition and Disposal of Assets)

King Slide Works Co., Ltd.

Procedures for the Acquisition and Disposal of Assets

Date of Amendment: June 26, 2019

Chapter 1 General Rules

Article 1: Purpose and governing law

In order to strengthen asset management and implement information disclosure, the Procedures are revised in accordance with Article 36-1 of the Securities and Exchange Act and the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2: Applicable scope of the assets

- (VIII) Investment in stocks, government bonds, corporate bonds, financial bonds, securities presenting interest in a fund, depositary receipts, call (put) warrants, beneficiary certificates, and asset-backed securities;
- (IX) Real property (including land, houses and buildings, and investment property) and equipment;
- (X) Memberships.
- (XI) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- (XII) Right-of-use assets.
- (XIII) Financial derivatives: Refers to a transaction contract whose value is derived from specific interest rates, financial instrument price, product price, exchange rates, price or fee indexes, credit rating or credit index, or forward contract, option contract, futures contract, leverage bond contract, exchange contract, portfolio of the aforementioned contracts, embedded derivatives contracts, or structured products derived from other variables. The so-called “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchases (sales) contracts.
- (XIV) Assets acquired or disposed of in accordance with law mergers, demergers, acquisitions, or transfer of shares: Refers to the acquisition and disposal of assets by a merger, demerger, or acquisition according to the Business Merger and Acquisitions Act, Financial Holding Company Act, the Financial Institution Merger Act, or other laws, or by transfer of shares (referred to as “share transfer” hereinafter) with new shares issued according to Article 156-3 of the Company Act.
- (XV) Other major assets

Article 3: Appraisal procedures

- (I) When the Company obtains or disposes of securities investments or engages in the trading of financial derivatives, the Finance and Accounting Department shall conduct the relevant benefit analysis and assess possible risks. For the acquisition and disposal of real property and other assets, each unit shall formulate capital expenditure plans in advance to initiate a feasibility assessment on the purpose and expected benefit from the acquisition and disposal of assets. If the real property is obtained from a related party, the reasonableness of trading conditions shall be assessed in accordance with the provisions of Chapter 2 of the Procedures.
- (II) For the acquisition and disposal of securities, the Company shall obtain the financial statements of the target company that have recently been certified or reviewed by the accountants for reference in evaluating the transaction price before the date of occurrence. In addition, for the transaction amount reaching 20% of the Company's paid-in capital or NT\$300 million or more, an accountant should be consulted before the date of occurrence to express an opinion on the reasonableness of the transaction price. If the accountant needs to use a report of an expert, it shall be handled in accordance with the provisions of Statement of Auditing Standard No. 20 issued by the Accounting Research and Development Foundation (ARDF). However, securities with an available market price or otherwise provided by competent securities authorities are not subject to such requirement.
- (III) In acquiring or disposing of intangible assets or right-of-use assets or memberships thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, unless transacting with a domestic government agency, an accountant shall be engaged to render an opinion on the reasonableness of the transaction price before the date of occurrence in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).
- (IV) The acquisition and disposal of real property, equipment, or right-of-use assets, if any, should be handled in accordance with the provisions of Article 6 of the Procedures.
- (V) The Company, while handling the merger, division, acquisition, or transfer of shares, shall engage an accountant, attorney, or securities underwriter to express opinions on the reasonableness of the conversion ratio, the purchase price, and the cash or other property distributed to the shareholders before a board meeting is convened, and then present it to the board of directors for discussion and resolution.
- (VI) The price determination methods and references for the Company's acquisition and disposal of assets, in addition to the opinions of professional experts, accountants, and other relevant experts as stated in the preceding paragraph, shall be handled as follows:
 - 1. Securities acquired or disposed of that have been traded in the stock exchange market or TPEx should be determined according to the current equity or bond price.

2. Securities acquired or disposed of that are not traded in the stock exchange market or TPEx should be priced with the net worth per share, technology and profitability, future development potential, market interest rate, bond coupon rate, debtor's credit, and transaction price at the time taking into account.
3. To obtain or dispose of the membership card, it is necessary to consider the benefits that can be generated and refer to the transaction price at the time. For the acquisition and disposal of patents, copyrights, trademarks, franchise rights, and other intangible assets, it is necessary to refer to international or market practices, useful lives, and the impact on the company's technology and business.
4. The acquisition and disposal of real property, equipment, or right-of-use assets shall be determined by referring to the announced present value, the assessed present value, the actual transaction price or book value of the adjacent real property, or the quotation of the suppliers. If the real property is acquired from a related party, it should be calculated according to the methods specified in Chapter 2 of the Procedures in order to assess whether the transaction price is reasonable or not.
5. The trading of financial derivatives should take into account the trading conditions of the futures market, exchange rates, and the trend of interest rate.
6. The merger, division, acquisition or transfer of shares shall take into account the nature of its business, net value per share, asset value, technology and profitability, production capacity, and future growth potential.

Article 4: Operating procedures

(I) Authorized amount and Authorization Level

1. Securities: Authorize the President to conduct transactions within the amount specified in Article 7 of the Procedures. If it meets the public announcement and filing standards as stipulated in Article 5, it shall be reported to the Chairman for verification on the next day and presented in the most recent board meeting for ratification. However, for the acquisition and disposal of stock shares, corporate bonds, and private placement securities that are not traded in the stock exchange market or TPEx for an amount meeting the public announcement and filing standard, it shall be resolved by the Board of Directors in advance. In addition, the Company's Mainland China area investment must be approved by the board of directors before it is listed for trade. After it is listed for trade, it should be implemented with the approval of the shareholders meeting or implemented by the Board of Directors with the authorization of the shareholders meeting, and may not be initiated without the approval of the Investment Commission MOEA.
2. Trading of financial derivatives

- (1) Hedging transactions: According to the changes in the company's turnover and risk position, the Chairman designates personnel to conduct transactions for an amount of US\$1 million or less (including equivalent amount in different currency) of a single or cumulative transactions. The transaction for an amount exceeding US\$1 million should be approved by the Chairman in advance.
 - (2) Non-hedging transactions: In order to reduce risks, the transactions for an amount of US\$1 million or less (including an equivalent amount in a different currency) of a single or cumulative transactions must be approved by the Chairman. Also, the transactions for an amount of US\$1 million or more of a single or cumulative transactions should be approved by the Board of Directors in advance.
 - (3) In order for the company's authorization to correspond to the bank's relative supervision and management, the authorized trader must inform the bank.
 - (4) The trading of financial derivatives conducted according to the aforementioned authorization shall be reported in the most recent board meeting afterwards.
3. Acquisition of real property or right-of-use assets from related parties: Relevant information should be prepared in accordance with the provisions of Chapter 2 of the Procedures, and it should be resolved in the board meeting and recognized by the supervisors in advance.
4. Mergers, demergers, acquisitions, or transfer of shares: The relevant procedures and information preparation shall be carried out in accordance with the provisions of Chapter 4 of the Procedures, where mergers, divisions, and acquisitions shall be subject to the resolution of the shareholders meeting, provided that where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, the transfer of shares shall be resolved by the Board of Directors in advance.
5. Others: It should be handled according to the internal control system and the operating procedures stipulated by the authority. If the transaction amount reaches the public announcement and filing standard of Article 5, the equipment that is acquired or disposed of for business use can be reported to the Board of Directors for recognition afterwards, the resolution of the Board of Directors must be obtained in advance for the rest. The matters as stipulated in Article 185 of the Company Act must be resolved in the shareholders meeting in advance.

(II) Execution unit and transaction process

The Company's securities investment and trading of financial derivatives are to be implemented by the Finance and Accounting Department and the personnel designated by the Chairman. The real property and other assets are to be handled by the applying departments and relevant responsible units. The mergers, divisions, acquisitions, or transfer of shares are to be handled by the units designated by the Chairman. After the acquisition and disposal of assets is assessed and approved accordingly, the

execution unit shall perform the contracting, receiving, paying, delivering, and inspecting and accepting process, and shall handle the relevant operating procedures of the internal control system depending on the nature of the assets. In addition, related party transactions, the trading of financial derivatives, and mergers, demergers, acquisitions, or transfer of shares shall be handled in accordance with the provisions of Chapters 2–4 of the Procedures.

Article 5: Public announcement and filing procedures

(I) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and file the relevant information on the FSC’s designated website in the appropriate format as prescribed by the regulations within 2 days counting inclusively from the date of the event:

1. Acquisition and disposal of real property or right-of-use assets thereof from or to a related party, or acquisition and disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of total assets, or NT\$300 million or more. Provided, this shall not apply to 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.
2. Mergers, demergers, acquisitions, and transfer of shares.
3. Losses from the trading of financial derivatives reaching the limits on aggregate losses or losses on individual contracts stipulated according to paragraph 1, Article 8, Chapter 4 of the Procedures.
4. Where equipment or right-of-use assets are acquired and disposed of thereof for business use, the transaction counterparty is not a related party, and the transaction amount exceeds NT\$500 million.
5. Where land is acquired under an arrangement on engaging others to build on the company’s own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is not a related party. Also, the amount the company expects to invest in the transaction reaches NT\$500 million or more.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs or Mainland China area investment is for an amount reaching 20% of the company’s paid-in capital or NT\$300 million or more, such as the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the

preceding year. “Within the preceding year” refers to the year preceding the date of occurrence of the current transaction”. Items that are duly announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and supported with an appraisal reported issued by the professional appraisers or the opinions of an accountant need not be counted toward the transaction amount. Provided, this shall not apply to the following circumstances:

- (1) Trading of domestic government bonds;
 - (2) The 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 Company shall compile monthly reports on the status of the trading of financial derivatives engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC before the 10th day of each month.
- (III) When a public announcement is made with an error or omission in an item required by regulations to be publicly announced and it is required to correct it, all the items shall be publicly announced again and filed in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- (IV) For the transactions announced and filed according to the provision of (I), under any of the following circumstances, it is necessary to publicly announce and file the relevant information on the FSC’s designated website in the appropriate format as prescribed by the regulations within 2 days counting inclusively from the date of the event:
1. The relevant contract signed for the original transaction has been changed, terminated, or canceled.
 2. Mergers, demergers, acquisitions, or transfers of shares are not completed on the contractual schedule.
 3. The contents originally announced and filed have changed.

Article 6: Assets appraisal procedures

In acquiring and disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company’s paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, 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 the event from a professional appraiser and shall further comply with the following provisions: Where the Company acquires and disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal reports or CPA opinions.

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance 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 NT\$1 billion or more, appraisal service provided by 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 the Statement of Auditing Standards No. 20 published by the 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 7: Investment scope and amount

In addition to the assets obtained for business use, the Company and its subsidiaries have also invested in and purchased the real property, right-of-use assets, or securities that are not intended for business use with a limited amount set as follows:

- (I) The total amount of real property and right-of-use assets not intended for business use shall not exceed 50% of the net value on the Company's most recent financial report, and shall not exceed 30% of the net value on the subsidiary's most recent financial report.
- (II) The total amount of securities shall not exceed 150% of the net value on the Company's most recent financial report, and shall not exceed 150% of the net value on the subsidiary's most recent financial report.
- (III) The investment in an individual security shall not exceed 100% of the net value on the Company's most recent financial report, and shall not exceed 100% of the net value on the subsidiary's most recent financial report.

Article 8: Control over the acquisition and disposal of assets by the subsidiaries

- (I) The subsidiaries of the Company shall also stipulate the “Procedures for the Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, which shall be approved by the Board of Directors of each subsidiary. It should also be submitted to the supervisors of the domestic subsidiaries and then reported in the shareholders meeting for approval. The same applies to the amendments
- (II) The acquisition and disposal of assets by subsidiaries of the Company shall also be handled in accordance with the regulations.
- (III) If the subsidiary of the Company is not a domestic public offering company, and the assets obtained or disposed of meet the public announcement and filing standards, the Company should be notified on the date of the event. Also, the public announcement and filing matters shall be handled by the parent Company on the FSC’s designated website.
- (IV) The aforementioned subsidiaries shall apply the public announcement and filing standards as stipulated in Article 5 of the Procedures. The requirement of “paid-up capital or total assets” is based on the paid-in capital or total assets of the Company.

Article 9: Disciplinary clauses

When the personnel of the Company responsible for the acquisition and disposal of assets violate the “Regulations Governing the Acquisition and Disposal of Assets by Public Company” or the Procedures, they shall be disciplined according to the relevant provisions of the “Working Rules” of the Company.

Chapter 2 Related party transactions

Article 10: Recognition reference

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to complying with the provisions of Chapter 1 and this Chapter, if the transaction amount reaches 20% or more of the company’s paid-in capital, 10% or more of the total assets, or NT\$300 million or more, the company shall also obtain an appraisal report from a professional appraiser or a CPA’s opinion. The recognition of the related party and the subsidiary shall be handled in accordance with the provisions of the “Regulations Governing the Preparation of Financial Reports by Securities Firms”. In addition to legal formalities, the substance of the relationship shall also be considered.

Article 11: Resolution procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of the company’s

paid-in capital, 10% or more of the total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

- (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 the provisions of exclusion as stipulated in Article 12 and Article 13.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and the 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 signing of the contract, 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 the provisions of Article 10.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 5, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the following transactions conducted between the Company and its parent company and subsidiaries, or subsidiaries where the Company directly or indirectly holds 100% of the issued shares or total capital, the Company's Board of Directors may, pursuant to the regulations of Article 4, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in the next board meeting:

- (I) Acquire or dispose of equipment or right-of-use assets thereof for business use.
- (II) Acquire or dispose of real property right-of-use assets for business use.

Article 12: Assessment of the reasonableness of trading conditions

Where the Company acquires real property or right-of-use assets thereof from a related party and appraises the reasonableness of the transaction cost according to the following methods:

- (I) Based upon the related party's transaction price plus necessary interest on funding and the costs to

be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property, provided that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

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

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

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding 2 paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company that acquires real property or right-of-use assets thereof from a related party and with any of the following conditions should be handled in accordance with the provisions of the preceding article and the first three provisions shall not apply:

- (I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift;
- (II) The time for the related party to sign a contract to acquire the real property or right-of-use assets has been more than five years from the date of the transaction.
- (III) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company’s own land or on rented land.
- (IV) The Company and its parent company, subsidiaries, or subsidiaries where the Company directly or indirectly holds 100% of the issued shares or total capital, acquire the right-of-use assets for business use

Article 13: The matters to be handled when the imputed transaction cost is uniformly lower than the transaction price:

When the results of the appraisal conducted in accordance with the preceding Article are uniformly lower than the transaction price, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, it shall be handled in accordance with the provision of paragraph 3.

- (I) Where the related party acquired undeveloped land or leased land for development, it may submit

proof of compliance with one of the following conditions:

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

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

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two paragraphs are uniformly lower than the transaction price, and without any of the conditions as stated in paragraph 1 of this Article, the following steps shall be taken:

- (I) A special reserve shall be set aside against the difference between the real property or right-of-use assets transaction price and the appraised cost in accordance with paragraph 1 of Article 41 of the Securities Exchange Act, and may not be distributed or used for capital increase or issuance of bonus shares. The appropriated special reserve may not be used until recognizing a loss on decline in the market value of the assets purchased or leased, or the assets have been disposed of or the lease 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.
- (II) The supervisors shall have it handled in accordance with Article 218 of the Company Act.
- (III) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders

meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Chapter 3 The control of the trading of financial derivatives

Article 14: Trading principle and policy

- (I) Types of transactions: The Company may engage in the trading of financial derivatives, including forward contracts, options, interest rate and exchange rate swaps, futures, and composite contracts of the aforementioned products. If it is necessary to engage in the trading of other financial products, it must be resolved by the Board of Directors in advance.
- (II) Operating or hedging strategy: The Company engages in the trading of financial derivatives that includes both hedging and non-hedging purposes (for the purpose of trading). The strategy should be based on hedging business risks. The choice of trading products should be based on hedging risks, such as, foreign exchange income, expenses, assets, or liabilities arising from the business operations of the Company. If the objective environment is changed, choose the appropriate time to enter the market to engage in “non-hedging transactions” of financial derivatives, which should help increase the company’s non-operating income or reduce non-operating losses. In addition, the trading counterparty should choose financial institutions that have dealt with the Company as much as possible to avoid credit risk. It must be clearly defined as hedging transactions or financial operations for the pursuit of investment income and as the basis for accounting.
- (III) Trading amount:
 - 1. Hedging transactions: The net foreign exchange position (including the net portion expected to be generated in the future) after the consolidation of assets and liabilities is the upper limit of risk.
 - 2. Non-hedging transactions: No more than US\$1.5 million. Traders shall propose the foreign exchange trend analysis report before action. The content of the report shall include foreign exchange market trend analysis and the recommended operation mode, which must be approved in advance.
- (IV) Total and individual contract loss limit
 - 1. Hedging transactions: Hedging transactions are conducted in response to the actual needs of the Company. Therefore, the risks faced are already under the control of prior assessment, so there is no question of upper loss limit.
 - 2. Non-hedging transactions: The stop-loss point for the established position should be strictly adhered to in order to prevent excess losses. The stop-loss point shall not exceed 10% of the transaction contract amount, and the total accumulated loss for the whole year should not exceed US\$300,000.

(V) Division of powers and responsibilities

1. Traders: The person responsible for the Company's trading of financial derivatives, designated by the Chairman. Responsible for the formulation of trading strategies within the scope of authorization, the execution of trading orders, the disclosure of future trading risks, and providing information to relevant departments for reference promptly.
2. Accounting department: Responsible for the confirmation of transactions, bookkeeping and transactions records and data safekeeping, and regularly evaluating the fair market price of the held positions. Also, providing them to the traders and disclosing the related financial derivatives in the financial statements.
3. Finance department: Responsible for the trading and delivery of financial derivatives.

(VI) Performance evaluation essentials

1. Hedging transactions: Base the performance evaluation on the profit and loss between the company's booked exchange rate (interest rate) and the trading of financial derivatives. The performance evaluation is performed at least twice a month, and the performance is presented to the management for reference.
2. Intended transactions: Base the performance evaluation on the actual profit and loss. The performance evaluation is performed at least once a week, and the performance is presented to the management for reference.

Article 15: Risk management measures

The Company is engaged in the trading of financial derivatives with the risk management scope and risk management measures to be adopted as follows:

- (I) Credit risk considerations: The selection of the transaction counterparty is based on the principle of financial institutions and futures brokers who have a good reputation with the company and can provide professional information.
- (II) Market risk considerations: The losses that may occur in the future market price fluctuations of financial derivatives are uncertain. Therefore, the stop-loss point for the established position should be strictly adhered to.
- (III) Liquidity risk considerations: In order to ensure the liquidity of financial derivatives, the trading institution must have sufficient equipment, information, and trading capabilities and be able to trade in any market.
- (IV) Operational risk considerations: The authorization amount and work flow must be strictly observed to avoid the risk of operation.
- (V) Legal risk considerations: Any contract documents signed with financial institutions should be an international standardization document whenever possible to avoid legal risks.

- (VI) Financial product risk considerations: Internal traders should have comprehensive and correct expertise in the trading of financial derivatives in order to avoid misuse of financial derivatives with losses resulting.
- (VII) Cash delivery risk consideration: Authorized traders should strictly comply with the provisions within the authorization amount, and should pay attention to the company's cash flow in order to ensure sufficient cash payment at the time of delivery.
- (VIII) Traders and operators responsible for confirmation and delivery may not be the same person.
- (IX) Confirmation personnel should regularly reconcile with the bank in person or by letter, and check whether the total amount of the transaction exceeds the upper limit specified in the Procedures.
- (X) The risk measurement, supervision, and control personnel shall be assigned to a department different from the personnel as specified in paragraph (I), and shall report to the Board of Directors or to the senior director who is not responsible for trading or the decision of the transaction or position.
- (XI) The held position should be evaluated at least once a week, but the hedging transactions needed for business operation should be evaluated at least twice a month. The evaluation report should be submitted to the senior executive authorized by the Board of Directors (Note: the senior management of the non-executive units should be designated).

Article 16: Internal audit system

- (I) The internal auditors of the Company shall regularly understand the adequacy of the internal control for the trading of financial derivatives, and conduct monthly audits in accordance with the prescribed conditions on the trading of financial derivatives of the trading department with an audit report issued. The identified major nonconformities, if any, should be immediately reported to the Chairman and the senior executive appointed by the Board of Directors and with the supervisors informed in writing. (If independent directors have been appointed, they should also be informed in writing while having the supervisors informed regarding the matters stated in the preceding paragraph.)
- (II) The audit personnel of the Company shall include the trading of financial derivatives in the audit plan, and report the implementation of the last annual audit plan to the competent authority before the end of February of the following year, and report the corrected nonconformities to the competent authorities for future reference before the end of May of the following year.

Article 17: Regular evaluation methods and nonconformities handling process

- (I) Regularly or weekly evaluate the trading of financial derivatives; also, summarize the profit or loss of the current month or week and the open positions of non-hedging transactions that should

be presented to the senior executives that are authorized by the Board of Directors and the Chairman as a reference for management performance evaluation and risk measurement.

- (II) The senior executives appointed by the Board of Directors of the Company should pay attention to the supervision and control of the risk of financial derivatives transactions. The Board should also assess whether the performance of the trading of financial derivatives is in compliance with the established business strategy and whether the risks assumed are within the company's tolerance.
- (III) The senior executives authorized by the Board of Directors shall manage the trading of financial derivatives in accordance with the following principles:
 - 1. Regularly assess whether the currently used risk management measures are appropriate and handle it in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the relevant provisions of the Procedures.
 - 2. Supervise the transactions and the profits and loss situation. If there is any nonconformity found, the necessary response measures shall be taken and it should be reported to the Board of Directors immediately.

(The independent directors appointed, if any, should attend the board meeting to express their opinions.)
- (IV) The Company shall establish a log book for the trading of financial derivatives to have the types and amounts of financial derivatives transactions, the date of resolutions reached by the Board of Directors, the monthly or weekly periodic assessment report, and the periodic assessment of the Board of Directors and the senior executives authorized by the Board of Directors recorded.

Chapter 4 Merger, Demergers, Acquisition or Transfer of Shares

Article 18: When Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board meeting to resolve the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on the reasonableness issued by an expert may be exempted in the case of a merger by the Company or 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.

Article 19: The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in

the preceding paragraph when sending a shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution, 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.

Article 20: The Company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a fully written record of the following information and retain it for 5 years for reference:

- (I) Basic identification data for personnel: Including the occupational titles, names, and identification number (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to information disclosure.
- (II) 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.
- (III) Important documents and meeting 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 another company's shares, within two days from the date of the resolution of the Board of Directors, the information in subparagraph 1 and 2 of the preceding paragraph shall be submitted to the securities authority for reference in the prescribed format by the Internet Information System.

A company that participates in a merger, division, acquisition or share transfer has a company that is not listed or whose shares are traded at TPEx, and should sign an agreement with it and comply with the regulations.

Article 21: Share exchange ratio or acquisition price

The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances:

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

Article 22: Contractual contents

The contract for the Company's participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the participating companies, the change in the proportion of shares or the purchase price as described in the preceding article, and shall also record the following:

- (I) Handling of breach of contract;
- (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (III) 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;
- (IV) The manner of handling changes in the number of participating entities or companies;
- (V) Preliminary progress schedule for plan execution, and anticipated completion date;
- (VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures;

Article 23: Things to know when the Company participates in mergers, demergers, acquisitions, or share transfers:

- (I) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under

the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

- (II) 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 the matter again.
- (III) Where the Company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of Article 20 and the preceding two subparagraphs of the Procedures.

Chapter 5 Other major matters

Article 24: The Company's acquisition and disposal of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 25: Professional appraisers (referring to real property appraisers or other persons who are legally engaged in real property and equipment valuation operations) and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- (I) May not have previously received a final and un-appealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, and Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of the service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.
- (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 different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

- (I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (II) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (III) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable law and regulations.

Article 26: For the Company's acquisition or disposal of assets that must be approved by the Board of Directors in accordance with the "Procedures" or other legal requirements, if any director expresses objection and has a record or written statement made, the director's objection information shall be sent to the supervisors. The objections or reservations, if any, of an independent director should be fully considered and stated in the minutes of the board meeting.

Article 27: The Procedures after the approval of the Board of Directors are sent to the supervisors and submitted to the shareholders meeting for approval. It is same for the amendments made. If any director expresses an objection and has a record or written statement made, the director's objection information shall be sent to the supervisors. The objections or reservations, if any, of an independent director should be fully considered and stated in the minutes of the board meeting.

Appendix 5 (Shareholdings of Directors and Supervisors)

King Slide Works Co., Ltd.
Shareholdings of Directors and Supervisors

Base date: May 01, 2021

Title	Name	Election date	Shareholding at the time of election			Current shareholding		
			Types	Shares	Percentage of the current issuance (%)	Types	Shares	Percentage of the current issuance (%)
Chairman	Lin Tsung-Chi	2018.6.26	Common stocks	8,260,121	8.67%	Common stocks	8,260,121	8.67%
Director	Representative of Long Shen Investment Inc.: Lin Tsung Lung	2018.6.26	Common stocks	6,232,767	6.54%	Common stocks	6,232,767	6.54%
Director	Wang Chun Chiang	2018.6.26	Common stocks	982,000	1.03%	Common stocks	1,112,000	1.17%
Director	Chiu Yen-Chih	2018.6.26	Common stocks	—	—	Common stocks	—	—
Independent Director	Lee Wen Chang	2018.6.26	Common stocks	6,722	0.01%	Common stocks	6,722	0.01%
Independent Director	Hsu Fang-Yih	2018.6.26	Common stocks	—	—	Common stocks	—	—
Independent Director	Cai Wen Zhi	2018.6.26	Common stocks	—	—	Common stocks	—	—
Supervisor	Representative of Yin Li Investment Inc.: Lin, Jhang A-Jhu	2018.6.26	Common stocks	1,024,684	1.08%	Common stocks	1,023,684	1.07%
Supervisor	Wu Min Zhen	2018.6.26	Common stocks	—	—	Common stocks	—	—
Total				16,506,294			16,635,294	

Total number of shares issued on June 26, 2018: 95,297,072 shares

Total number of shares issued on May 01, 2021: 95,297,072 shares

Note 1: The number of shares that all directors of the Company should hold: 7,623,765 shares; shareholding as of May 01, 2021: 15,604,888 shares

The number of shares that all supervisors of the Company should hold: 762,376 shares; shareholding as of May 01, 2021: 1,023,684 shares

Note 2: The shareholding of independent directors is not included in the number of shares held by the directors.