

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

# KINSUS INTERCONNECT TECHNOLOGY CORP.

## Handbook for the 2022 Annual Meeting of Shareholders

Meeting Date: May 27<sup>th</sup>, 2022

Place: No. 1245, ZhongHua Rd., XinWu Dist., Taoyuan City (i.e. Kinsus Shih-Lei plant)

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

## Table of Contents

	<b><u>Page</u></b>
I. Meeting Procedure.....	1
II. Meeting Agenda.....	2
1. Items to be reported.....	3
2. Items to be approved.....	3
3. Items to be discussed and resolved .....	4
4. Other Questions and Motions.....	8
III. Attachment	
1. The 2021 Business Report.....	9
2. Audit Committee’s Review Report.....	13
3. The 2021 financial statements accompanied with an audit report.....	14
4. The distribution schedule of 2021 earnings.....	35
5. Comparison for amendment to Articles of Incorporation.....	36
6. Comparison for amendment to Procedures for Acquisition or Disposal of Assets.....	39
IV. Reference	
1. Rules of Procedure for Shareholder Meetings.....	45
2. Articles of Incorporation.....	48
3. Procedures for Acquisition or Disposal of Assets .....	54
4. Current Shareholding by Directors.....	69
5. Other Information.....	70

## **Kinsus Interconnect Technology Corp.**

### **Procedure for the 2022 Annual Meeting of Shareholders**

- I. Chairperson Declares the Starting of the Meeting
- II. Chairperson's Opening Statements
- III. Items To Be Reported
- IV. Items To Be Approved
- V. Items To Be Discussed and Resolved
- VI. Other Questions and Motions
- VII. Adjournment

## Kinsus Interconnect Technology Corp.

### Agenda for the 2022 of Annual Meeting of Shareholders

Convening method: entity shareholders meeting

Time: 9:00 a.m., May 27<sup>th</sup> (Friday), 2022

Place: No. 1245, ZhongHua Rd., XinWu Dist., Taoyuan City  
(Kinsus Shih-Lei plant)

- I. Chairperson Declares the Starting of the Meeting
- II. Chairperson's Opening Statements
- III. Items To Be Reported
  1. The 2021 Business Report
  2. Audit Committee's Review Report on the 2021 Financial Statements
  3. To report 2021 Employees' and directors' Compensation
  4. To report the 2021 Earnings Distribution of dividends.
- IV. Items To be Approved
  1. To approve 2021 Business Report, Consolidated Financial Statements and Parent-company-only Financial Statements (Proposed by the Board of Directors)
  2. To approve the proposal for 2021 earnings distribution (Proposed by the Board of Directors)
- V. Items to Be Discussed and Resolved
  1. To Amend the Company's Article of Incorporation (Proposed by the Board of Directors)
  2. To Amend the Company's Procedures for Acquisition or Disposal of Assets (Proposed by the Board of Directors)
  3. Resolving an issuance of restricted stock awards. (Proposed by the Board of Directors)
- VI. Other Questions and Motions
- VII. Adjournment

## **I. Items To Be Reported**

1. The 2021 Business Report

Explanatory Notes: Please refer to Attachment I. (Page 9 to 12)

2. Audit Committee's Review Report on the 2021 Financial Statements

Explanatory Notes: Please refer to Attachment II. (Page 13)

3. To report 2021 Employees' and directors' Compensation

Explanatory Notes:

- a. Base on the Company's the Article of Incorporation, article 24, the Company's employees' and directors' compensation shall be at no less than 10% and no more than 1% of the "income before tax and employees' and directors' compensation", respectively, if profits in current year is made.
  - b. The Company's board of directors has resolved to pay out 2021 directors' and employees' compensation in amount of NT\$34,369,568 and NT\$582,161,331, respectively, if profits in current year is made.
4. To report the 2021 Earnings Distribution of dividends.

Explanatory Notes:

- a. Based on the Company's Article of Incorporation, article 24-1, authorize the Company's board of directors has resolved to pay out cash dividend NT\$4.5 per share in amount of NT\$2,028,798,270.
- b. Please include in other income of the company, if too trivial to one NT dollar, to specific shareholders. The measurement date will be decided by the Chairman under the authorization.
- c. Please authorize the Chairman to adjust, in good faith, the ratio of dividend per share, based on the shares outstanding on the record date for distribution, to the extent of no change in the resolved total amount to be distributed to shareholders.

## **II. Items To Be Approved**

1. To approve 2021 Business Report, Consolidated Financial Statements and Parent-Company-Only Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company's Business Report, Consolidated Financial Statements and Parent-Company-Only Financial Statements have been reviewed by Audit Committee and

hereby proposed for the shareholders' approval. Among these documentations, the Parent-Company-Only Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young.

- b. For details, please refer to page 9-12 of Attachment I and page 14-34 of Attachment III to the Meeting Handbook.

Resolution:

2. To approve the proposal for 2021 earnings distribution (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company makes the earnings distribution in accordance with its Articles of Incorporation based on total distributable earnings of NT\$13,840,138,519, composed of 2021 net income of NT\$3,858,983,221, other comprehensive income of actuarial gain from defined benefit plans of NT\$9,757,497, adjustment of reorganization NT\$(845), employee restricted share adjusted amount of NT\$62,063, prior years' unappropriated earnings of NT\$10,380,308,324, legal reserve of NT\$(386,880,194), and special reserve NT\$(22,091,547).
- b. The 2021 earnings distribution table is shown in Attachment IV (page 35) to the Meeting Handbook for reference.

Resolution:

### **III. Items To Be Discussed and Resolved**

1. Amendment to the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes:

The Amendment is based on the Company's operating need, and for comparison for amendment to the Article of Incorporation, please refer to Attachment V (Page 36-38).

Resolution:

2. Amendment to the Company's Procedures for Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanatory Notes:

The Amendment is based on the Company's practical operation and strengthen the management of related party transactions, and for comparison for amendment to the

company's procedures for acquisition or disposal of assets, please refer to Attachment VI (Page 39-44).

Resolution:

3. Resolving an issuance of restricted stock awards (RSA). (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company would issue restricted stock awards (RSA) for 2022 in accordance with the related regulations from Article 267, Item 9 and 10 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers". (Hereinafter referred to as the "issuance regulation")
- b. The major terms are described below:
  - (1) Issue price: NT\$85.6 per share.
  - (2) Total volume to be issued: 5,400,000 shares. The Company shall ore-file to the authority in one or several times starting one year from the shareholders' meeting resolving the issuance and may fulfill the issuance in one or several times based on its need within one year from the date the authority's approval letter arriving the Company. The chairman is authorized by the board to enact the actual issuance date.
  - (3) Release conditions:
    - (a)Vesting conditions:
      - i. Indicator A: above employee at level 8  
The vested interest is listed below for the qualified employees under indicator A of the RSA plan in the condition of remaining on job from the grant date to the respective vested dates and no breach on laws and regulations, service agreements, commitments of integrity and confidentiality, ethic of conduct, etc.
        - A. 30% upon one month from the grant date (Unconditional round up to thousand shares);
        - B. 20% upon eight month from the grant date (Unconditional round up to thousand shares);
        - C. 20% upon thirteen month from the grant date (Unconditional round down to thousand shares);
        - D. 10% upon twenty month from the grant date (Unconditional round up to thousand shares);
        - E. 10% upon twenty five month from the grant date (Unconditional round up to thousand shares);
        - F. remaining shares upon thirty two month from the grant date.
      - ii. Indicator B: employee at level 6 through level 7

The vested interest is listed below for the qualified employees under indicator A of the RSA plan in the condition of remaining on job from the grant date to the respective vested dates and no breach on laws and regulations, service agreements, commitments of integrity and confidentiality, ethic of conduct, etc.

A. 30% upon one month from the grant date (Unconditional round up to thousand shares);

B. 50% upon thirteen month from the grant date (Unconditional round down to thousand shares);

C. remaining shares upon twenty five month from the grant date.

(b) Unvested employee:

The Company will buy back and cancel all the shares granted to, in accordance with the RSA Plan, the employees who do not meet the vested conditions.

(c) In cases of employee resign, retire, injury or dereliction of duty, death, transfer to affiliate company or leave without pay:

A. The Company will buy back in the issuance price all the unvested shares from the employees who be in those situations treated as losing qualification of being vested, including voluntary resignation, being laid-off / dismissal / retirement due to incompetency, non-occupational disaster death.

B. Employees being laid-off due to reasons other than incompetency:

The vested shares for any qualified but laid off employee during a year in accordance with other vested condition from Article 7 of the RSA Plan are computed by the days on duty timing the shares entitled at the vested date in this year. On the other hand, the Company will buy back all the unvested issued shares as the employees will be treated as losing 6 the qualification to be vested.

C. Injury of duty:

Any qualified employee who becomes disabled and unable to work continuously due to injury of duty are treated as completing the vesting period in that year but shall be subject to the limitation regarding vesting period and ratio set forth on article 7 of the RSA Plan. The underlying employee would lose his/her qualification to be vested in the following year of resign and the Company would therefore buy back and cancel all the unvested shares from the employee in the original issuance price except for, in a special approval from the chairman, those who have contributed significantly and/or done the best efforts to fulfill the duty to the Company.

D. Dereliction of duty:

All unvested shares of any qualified employee who die from duty are treated as vested at the date of death and can be inherited by in accordance with the Inheritance Chapter of Civil Law and legally transferred under a trust agreement to the legal heir after the occurrence of the fact. The succession is to process according to related procedures specified in the “Handling Rule



for a public company's shares".

E. Transfer to affiliate company

Any qualified employee who is to transfer to the affiliate companies upon request from the Company due to business needs may be treated as, if meeting with the other vesting conditions specified in article 7 of the RSA Plan in the year of transfer, to achieve the vesting condition with respect to timing, ratio and scope at the approval from the Chairman or authorized person.

F. Leave without pay

For any qualified employee who is permitted for a leave without pay, the retention seniority of unvested issued RSA shares specified in RSA Plan is to postpone by the duration of leave if the effective date of leave meets the other vesting conditions specified in article 7 of the RSA Plan.

G. The Company shall cancel all the RSA shares brought back according to the RSA Plan.

(4) Qualification requirements for employees:

- (a) The qualified employees are limited to those full-time employees who are formally hired and have been on board at the grant date of RSA shares.

Indicator A: above employee at level 8

Indicator B: employee at level 6 through level 7

- (b) The proposal of actually granted employees and the granted share volume for those employees shall be reviewed and submitted by the CEO, then submitted by the Chairman to the Board for a final approval in consideration of job position, performance, or other needs of management. However, employees with managerial status or directors with employee status should be approved by the Compensation and Remuneration Committee first.

- (c) For a single employee, the total of shares granted under Item 1, Article 56-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers and the RSA Rule shall not exceed 0.3% of the Company's total issued shares. Furthermore, for a single employee, the total of shares granted under Item 1, Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the RSA Rule and Item 1, Article 56 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall not exceed 1% of the Company's total issued shares. However, at a special approval from industrial in-charging governmental authority, the total shares granted to a single employee under both the employee stock option plans and the RSA rule may be exempted from the above-mentioned limitation.

(5) The reason why it is necessary to issue restricted stocks for employees:

To retain and recruit professional talent, motivate employees, and enhance employees' teaming and potential for achieving the objective to jointly generate the benefit of employee and shareholders and to ensure the combination of the

both parties' benefit.

(6) Calculated expense amount, diluted EPS and other factors affecting shareholder's equity:

(a) Calculated expense amount:

The expenses, calculated by using the closing unit trade price of NT\$202.50 at 2022/02/07, to be recorded in 2022, 2023, 2024 and 2025 would be NT\$164,099K, NT\$307,053K, NT\$113,299K and NT\$24,715K, respectively.

(b) Diluted EPS and other factors affecting shareholder's equity:

The dilution effect on EPS, based on the vesting conditions and currently issued and outstanding shares, would be NT\$0.36, NT\$0.68, NT\$0.25 and NT\$0.06 for 2022, 2023, 2024 and 2025, respectively.

Resolution:

#### **IV. Other Questions and Motions**

#### **V. Adjournment**

## Attachment I

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### 2021 Business Report

#### 1. 2021 Business Report

The global political and economic situation was undergone many changes in 2021, coupled with the increase of variables in the Covid-19, the results of the overall electronic products and semiconductor industry are far higher than the forecast at the beginning of the year, which is completely unexpected.

According to IMF statistics, compared with 3.1% decline in GDP when the Covid-19 began in 2020, global GDP was grown by 5.9% in 2021, it could be said that human beings have entered a post-epidemic era in which they are preparing to coexist with the virus. The GDP growth of developed countries has also reached 5.2%, and the United States is as high as 6.0%; the GDP growth of developing countries is as high as 6.4%, and the GDP growth of China has 8.0%. These large economies can have such high economic growth, in addition to the low base period in 2020, countries have invested a lot in programs such as anti-epidemic, bailouts, etc., which shows that the impact of the Covid-19 on human beings has entered a new form. There is not the single level of negative harm, which is generally called the "post-epidemic era".

In 2021, when the Covid-19 is still unsolved, the industry has undergone earth-shaking changes. Judging from Prismark's recent report figures, global GDP began to decline sharply in 2020, and the semiconductor industry had already grown against the trend. The YoY growth of the semiconductor industry had reached 7% in 2020, And the YoY growth of 2021 increase by 25%. The same growth trend also occurs in the IC substrate industry. This has already seen the same trend in the Company's 2021 revenue growth of 31.88%, which is better than industry average.

The growth of the semiconductor industry comes from several aspects; the first is the Stay-at-Home Economy brought by the Covid-19 (working from home, schooling at home, remote meetings, shopping at home, etc.), which not only promotes the Internet, handheld devices, laptops and the demand for consumer products, and the worries of electronic product is short supply which customers cannot buy semiconductors, pushed up the problems of shortage of materials, price increases, and supplying more and less material for some parts, which made the demand for semiconductors soar. The second demand is for the long-term demand from AI artificial intelligence and 5G infrastructure. New ICs and new application platforms require a larger IC substrate area and a higher number of layers. The consumption capacity is calculated by several times. The speed of capacity expansion of internal IC substrate factories is far from enough, and it will take several years to have a chance to approach a state of balance between supply and demand. The third demand comes from the electrification and electronization of automobiles. This trend is developing faster than we expected. The main driver comes from the success of Tesla.

Pure electric vehicles accelerate the process of autonomous driving, electrification and electronization. Modern cars not only require a large amount of semiconductors, but also change the industrial ecology, so that some manufacturers who were not car manufacturers before have a new stage to play.

Looking forward to 2022, the 5G/6G infrastructure will continue to develop, in which the development concept of low-orbit satellite communication is mixed, and it is necessary to grasp the changes of the market more closely and quickly; and the cost of raw materials will continue to rise. The sharp rise in the prices of major raw materials in 2021 will still be a negative factor in 2022 and must be handled with caution.

Overall, the IMF predicts that global GDP growth in 2022 will still be 4.9%, which is still a year full of opportunities. Companies must adjust their capacity allocations in order to grow sustainably and make profits.

The Company's revenue in parent-company-only basis totaled to NT\$27,235,597 thousand in 2021, increased by 31.88% compared to NT\$20,651,500 thousand in 2020. Net income in parent-company-only basis was NT\$3,858,984 thousand in 2021, increased by 612.10% compared to NT\$541,914 thousand in 2020. The Company's consolidated revenue totaled to NT\$35,672,763 thousand in 2021, increased by 31.64% compared to NT\$27,098,474 thousand in 2020. The consolidated net income was NT\$4,492,108 thousand in 2021, increased by 383.31% compared to NT\$929,443 thousand in 2020. The operating results are as follows.

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

Account (In parent-company-only basis)	2021	2020	Growth Rate (%)
Operating revenues	27,235,597	20,651,500	31.88%
Gross profit	6,831,912	3,058,264	123.39%
Operating income	3,367,072	241,446	1294.54%
Pre-tax income	4,288,143	541,914	691.30%
Net income	3,858,984	541,914	612.10%
Earnings per share (in NT\$)	8.56	1.21	

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

Account (In consolidated basis)	2021	2020	Growth Rate (%)
Operating revenues	35,672,763	27,098,474	31.64%
Gross profit	10,525,845	5,819,054	80.89%
Operating income	5,004,566	1,340,579	273.31%
Pre-tax income	5,163,911	1,123,269	359.72%
Net income	4,492,108	929,443	383.31%
Net income/loss attributable to:			
Shareholders of the parent	3,858,984	541,914	

Non-controlling interests	633,124	387,529	
Earnings per share (In NT\$)	8.56	1.21	

## 2. Summary of 2022 business plan:

### (1)Business Policy

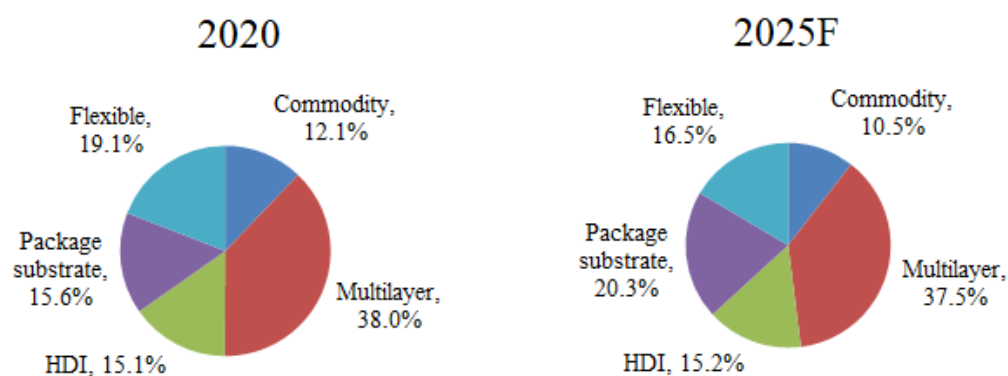
Since the Company's establishment, we have been upholding the principle of "Satisfying Customers and Pursuing for Excellence" as our business policy, developing leadership in technique to meet market demand, mastering new generation product demands, investing engineering resources to stay ahead, and striving for better profit to benefit our shareholders under the intense competition.

The IC packaging substrates industry is developing in several technological directions; For example, multi-chip Wafer, high-integration packages (Chiplet), SiP modules, integrated antenna modules, high-frequency and high-speed applications, thin lines, thinning... etc. The company's R&D department continues to grasp the direction of technological development and customer demands, and will create differentiation with technology and quality to maintain the highest competitiveness.

### (2)Expected Sales and Its Sources

In the PCB industry, the product with the highest compound growth rate is the IC substrate in the next few years (2021~2025). According to Prismark research data, the compound growth rate of the IC substrate is 13.9%. This is not only in the ABF substrate products with the growth of demand for AI, IoT, HPC, machine learning, automotive applications, 5G/6G infrastructure, etc., there are also in the BT substrate products which increase the demand of AiP, SiP, RF components by 5G mobile phones, and the High Bandwidth Memory (HBM) brought by servers, data centers, etc., all above drive the growth of the overall demand for IC substrates. The growth of the company's revenue is determined according to the growth trend of these product blocks, and it is necessary to be cautious about the allocation of production capacity, so as to avoid waste of incomplete utilization of production capacity.

## PCB Market Product Mix Change



	2020	2020	2021E	2025F	2025F	2020-2025 CAAGR
Commodity	7,911	12.1%	9,230	10,125	10.5%	5.1%
Multilayer	24,763	38.0%	31,053	36,063	37.5%	7.8%
HDI	9,874	15.1%	11,711	14,617	15.2%	8.2%
Package substrate	10,188	15.6%	14,052	19,549	20.3%	13.9%
Flexible	12,483	19.1%	13,881	15,864	16.5%	4.9%
Total	65,219	100.0%	79,927	96,218	100.0%	8.1%

(2020 ~ 2025 Global PCB Market Size and Product Portfolio)

### (3) Significant Production and Marketing Policy

- A. Strengthen the development of multi-chip packaging technology, and focus on process technology and match the development of high-frequency and high-speed materials to meet the needs of 5G/6G and automotive products.
- B. Expanding the capacity of ABF FC-BGA substrate to match the medium and long-term development needs of multi-layer boards, high-frequency and high-speed.

### 3. Company development strategy

We will aim at application of slim substrates of ABF-FCBGA and memory and the techniques and products of SiP module and Wafer module in short-term, keeping up with the elemental global semiconductor developing trend of continuously miniature line width, aperture, and thickness in medium term, and developing complicated structural technique of active/passive components and direct wafer bonding in long term. By these development strategies, we are confident that the Company will definitely sustain our competitiveness in product market as well as in the technique.

Chairman:

CEO:

Chief Accountant:

## **Attachment II**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp.**

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

The Board of Directors has prepared the Company's 2021 Business Report, Consolidated Financial Statements, Parent-company-only Financial Statements and the proposal for distribution of earnings. Among these documentation, the financial statements have been audited by the auditors, Ernst & Young, and the audit reports relating to the Financial Statements have been granted. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be fairly presented by the Audit Committee members of Kinsus Interconnect Technology Corp. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit the review report to the Company's shareholders.

Kinsus Interconnect Technology Corp.

Chairman of the Audit Committee: Wu, Hui-Huang

February 15<sup>th</sup>, 2022

## **Attachment III**

### English Translation of an Audit Report Originally Issued in Chinese **INDEPENDENT AUDITORS' REPORT**

To: the Board of Directors and Shareholders of  
Kinsus Interconnect Technology Corp.

#### **Opinion**

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

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter—Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2021 and 2020, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent-company-only financial



statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$27,235,597 thousand for the year ended December 31, 2021 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition from foreign warehouses with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the parent-company-only financial statements.

### Market valuation on Inventory

We determine the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT\$2,277,128 thousand as of December 31, 2021. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the parent-company-only financial statements.

### **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of FuYang Technology Corp., an indirectly invested

associate accounted for under the equity method by the Company. The financial statements of FuYang Technology Corp. as of December 31, 2021 and 2020, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$325,005 thousand and NT\$298,789 thousand as of December 31, 2021 and 2020 representing 0.66% and 0.85% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$27,839 thousand and NT\$(233,581) thousand representing 0.65% and (43.10)% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT\$(1,623) thousand and NT\$(5,889) thousand representing 13.16% and 91.36% of the other comprehensive income, are based solely on the audit reports of other auditors.

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

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

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

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

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

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

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

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

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

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

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

Hong, Mao-Yi

Cheng, Ching-Piao

Ernst & Young

February 15<sup>th</sup>, 2022

Taipei, Taiwan,

Republic of China

Notice to Readers

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

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2021		2020	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$11,947,282	24	\$9,219,709	26
1110	Financial assets at fair value through profit or loss	4, 6(2)	537,155	1	1,015,421	3
1136	Financial assets carried at amortized cost	4, 6(3)	20,057	-	423,057	1
1150	Notes receivable, net	4, 6(4)	4,200	-	1,182	-
1170	Accounts receivable, net	4, 6(5)	4,261,313	9	3,135,245	9
1180	Accounts receivable - related parties, net	4, 6(5), 7	11,107	-	-	-
1200	Other receivables		374,929	1	112,867	-
1210	Other receivables - related parties	7	17,993	-	13,923	-
1310	Inventories, net	4, 6(6)	2,277,128	5	2,001,275	6
1410	Prepayments		459,126	1	161,608	1
1470	Other current assets		169,998	-	89,055	-
11XX	Total current assets		<u>20,080,288</u>	<u>41</u>	<u>16,173,342</u>	<u>46</u>
	Non-current assets					
1550	Investment accounted for under equity method	4, 6(7)	5,094,421	10	4,392,311	12
1600	Property, plant and equipment, net	4, 6(8), 9	17,589,569	36	12,776,005	37
1780	Intangible assets	4, 6(9)	9,854	-	22,944	-
1840	Deferred income tax assets	4, 6(26)	9,593	-	13,678	-
1915	Prepayment for equipment	4, 6(8), 9	6,460,598	13	1,884,105	5
1995	Other non-current assets	6(10)	11,695	-	32,760	-
15XX	Total non-current assets		<u>29,175,730</u>	<u>59</u>	<u>19,121,803</u>	<u>54</u>
1XXX	Total Assets		<u>\$49,256,018</u>	<u>100</u>	<u>\$35,295,145</u>	<u>100</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2021		2020	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(11)	\$391,991	1	\$1,708,365	5
2130	Contract liability	4, 6(20)	46,315	-	17,507	-
2150	Notes payable		26,319	-	45,866	-
2170	Accounts payable		1,789,954	4	1,494,382	4
2180	Accounts payable - related parties	7	611,152	1	241,403	1
2200	Other payables	6(12), 7	5,052,347	10	2,776,625	8
2230	Current income tax liabilities	4, 6(26)	578,424	1	134,566	-
2300	Other current liabilities	6(13)	1,392,115	3	1,018,176	3
2365	Refund liability	6(14)	68,129	-	70,604	-
21XX	Total current liabilities		<u>9,956,746</u>	<u>20</u>	<u>7,507,494</u>	<u>21</u>
	Non-current liabilities					
2540	Long-term loans	6(15)	8,414,790	17	2,057,176	6
2570	Deferred income tax liabilities	4, 6(26)	355	-	4,622	-
2600	Other non-current liabilities	4, 6(16), 6(17)	1,814,795	4	56,201	-
25XX	Total non-current liabilities		<u>10,229,940</u>	<u>21</u>	<u>2,117,999</u>	<u>6</u>
2XXX	Total liabilities		<u>20,186,686</u>	<u>41</u>	<u>9,625,493</u>	<u>27</u>
	Equity					
3100	Capital	6(18)				
3110	Common stock		4,508,441	9	4,508,625	13
3200	Capital surplus	6(18)	6,633,051	13	6,632,030	19
3300	Retained earnings	6(18)				
3310	Legal reserve		3,700,821	8	3,647,505	10
3320	Special reserve		181,016	-	183,405	1
3350	Unappropriated earnings		14,249,110	29	10,882,082	31
3400	Other components of equity		(203,107)	-	(183,852)	(1)
3500	Treasury Stock	6(18)	-	-	(143)	-
3XXX	Total equity		<u>29,069,332</u>	<u>59</u>	<u>25,669,652</u>	<u>73</u>
	Total liabilities and equity		<u>\$49,256,018</u>	<u>100</u>	<u>\$35,295,145</u>	<u>100</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(20), 7	\$27,235,597	100	\$20,651,500	100
5000	Operating costs	7	(20,403,685)	(75)	(17,593,236)	(85)
5900	Gross profit		6,831,912	25	3,058,264	15
6000	Operating expenses	7				
6100	Sales and marketing		(313,834)	(2)	(301,091)	(2)
6200	General and administrative		(1,466,126)	(5)	(819,292)	(4)
6300	Research and development		(1,687,108)	(6)	(1,706,132)	(8)
6450	Expected credit gains (losses)	4, 6(21)	2,228	-	9,697	-
	Total operating expenses		(3,464,840)	(13)	(2,816,818)	(14)
6900	Operating income		3,367,072	12	241,446	1
7000	Non-operating income and expenses					
7100	Interest income	6(24)	24,950	-	34,090	-
7010	Other income	6(24), 7	186,772	1	244,867	1
7020	Other gains and losses	6(24), 7	44,434	-	(121,914)	-
7050	Finance costs	6(24)	(62,241)	-	(49,804)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures		727,156	3	193,229	1
	Total non-operating income and expenses		921,071	4	300,468	2
7900	Income before income tax		4,288,143	16	541,914	3
7950	Income tax expense	4, 6(26)	(429,159)	(2)	-	-
8200	Net income		3,858,984	14	541,914	3
8300	Other comprehensive income (loss)	6(25)				
8310	Items that not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		9,757	-	(8,835)	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(22,092)	-	2,389	-
	Total other comprehensive income, net of tax		(12,335)	-	(6,446)	-
8500	Total comprehensive income		\$3,846,649	14	\$535,468	3
9750	Earnings per share - basic (in NT\$)	6(27)	\$8.56		\$1.21	
9850	Earnings per share - diluted (in NT\$)	6(27)	\$8.51		\$1.20	

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Common Stock	Capital Surplus	Retained Earnings			Other Components of equity		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit		
		3100	3200	3310	3320	3350	3410	3490	3500	3XXX
A1	Balance as of January 1, 2020	\$4,510,738	\$6,637,742	\$3,647,505	\$100,384	\$10,882,980	\$(183,404)	\$(28,592)	\$(332)	\$25,567,021
B3	Appropriation and distribution of 2019 earnings									
B3	Special reserve				83,021	(83,021)				-
B5	Cash dividends - common shares					(451,039)				(451,039)
D1	Net income for 2020					541,914				541,914
D3	Other comprehensive income (loss) for 2020					(8,835)	2,389			(6,446)
D5	Total comprehensive income (loss)	-	-	-	-	533,079	2,389	-	-	535,468
T1	Employee restricted shares for cancellation and others	(2,113)	(5,712)			83		25,755	189	18,202
Z1	Balance as of December 31, 2020	4,508,625	6,632,030	3,647,505	183,405	10,882,082	(181,015)	(2,837)	(143)	25,669,652
B1	Appropriation and distribution of 2020 earnings									
B1	Legal reserve			53,316		(53,316)				-
B3	Special reserve				(2,389)	2,389				-
B5	Cash dividends - common shares					(450,847)				(450,847)
D1	Net income for 2021					3,858,984				3,858,984
D3	Other comprehensive income (loss) for 2021					9,757	(22,092)			(12,335)
D5	Total comprehensive income (loss)	-	-	-	-	3,868,741	(22,092)	-	-	3,846,649
H3	Reorganization		1			(1)				-
T1	Employee restricted shares for cancellation and others	(184)	1,020			62		2,837	143	3,878
Z1	Balance as of December 31, 2021	<u>\$4,508,441</u>	<u>\$6,633,051</u>	<u>\$3,700,821</u>	<u>\$181,016</u>	<u>\$14,249,110</u>	<u>\$(203,107)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$29,069,332</u>

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



English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2021	2020	Code	Items	2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$4,288,143	\$541,914	B00040	Decrease (increase) in financial assets measured at amortized cost	403,000	-
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(11,321,907)	(1,883,063)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	51,329	43,351
A20100	Depreciation	3,205,377	3,220,290	B03800	Decrease (increase) in refundable deposits	21,065	(25,000)
A20200	Amortization	38,003	31,979	B04500	Acquisition of intangible assets	(24,913)	(33,936)
A20300	Expected credit losses (gain on recovery)	(2,228)	(9,697)	BBBB	Net cash provided by (used in) investing activities	(10,871,426)	(1,898,648)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(1,554)	(4,533)				
A20900	Interest expense	62,241	49,804	CCCC	Cash flows from financing activities:		
A21200	Interest income	(24,950)	(34,090)	C00100	Increase in (repayment of) short-term loans	(1,316,374)	(1,059,622)
A21900	Cost of share based payment	3,836	19,915	C01600	Increase in long-term loans	7,119,820	1,230,000
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(727,156)	(193,229)	C01700	Repayment of long-term loans	(1,148,482)	(1,111,549)
A22500	Loss (gain) on disposal of property, plant and equipment	(19,982)	94,435	C03000	Increase (decrease) in deposits received	1,744,029	-
A29900	Gain on government grants	(8,239)	(3,436)	C04500	Cash dividends	(450,847)	(451,039)
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	5,948,146	(1,392,210)
A31110	Financial assets at fair value through P/L	479,820	-				
A31130	Notes receivable	(3,018)	3,735	EEEE	Net Increase (decrease) in cash and cash equivalents	2,727,573	450,877
A31150	Accounts receivable	(1,123,840)	(423,368)	E00100	Cash and cash equivalents at beginning of period	9,219,709	8,768,832
A31160	Accounts receivable - related parties	(11,107)	151	E00200	Cash and cash equivalents at end of period	\$11,947,282	\$9,219,709
A31180	Other receivables	(262,541)	195,652				
A31190	Other receivables - related parties	(4,070)	227,564				
A31200	Inventories	(275,853)	(581,757)				
A31230	Prepayments	(297,518)	(37,709)				
A31240	Other current assets	(80,943)	(39,159)				
A32125	Contract liabilities	28,808	15,755				
A32130	Notes payable	(19,547)	12,421				
A32150	Accounts payable	295,572	259,242				
A32160	Accounts payable - related parties	369,749	1,011				
A32180	Other payables	973,342	332,795				
A32230	Other current liabilities	782,885	13,673				
A32240	Net defined benefit liability	(4,350)	(4,240)				
A32990	Refund liability	(2,475)	63,211				
A33000	Cash generated from (used in) operations	7,658,405	3,752,329				
A33200	Interest received	25,429	34,969				
A33300	Interest paid	(47,498)	(45,563)				
A33500	Income tax paid	14,517	-				
AAAA	Net cash provided by (used in) operating activities	7,650,853	3,741,735				

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

**MANAGEMENT REPRESENTATION LETTER**

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

Very truly yours,

Kinsus Interconnect Technology Corp.

By

Liao, Sih-Jheng

Chairman

February 15<sup>th</sup>, 2022

## **INDEPENDENT AUDITORS' REPORT**

To The Board of Directors of  
Kinsus Interconnect Technology Corp.

### **Opinion**

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

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), 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 2021 consolidated financial statements. These matters were addressed in the context of

our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$35,672,763 thousand for the year ended December 31, 2021 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition from foreign warehouses with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the consolidated financial statements.

### Market valuation on Inventory

We determined the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT\$3,465,944 thousand as of December 31, 2021. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the consolidated financial statements.

### **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of FuYang Technology Corp., an invested associate

accounted for under the equity method. The financial statements of FuYang Technology Corp. as of December 31, 2021 and 2020 and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$325,005 thousand and NT\$298,789 thousand as of December 31, 2021 and 2020 representing 0.56% and 0.70% of the Company's consolidated total assets, the related shares of income before tax from the associate under the equity method for the years then ended amounting to NT\$ 27,839 thousand and NT\$(233,581) thousand representing 0.54% and (20.79)% of the Company's consolidated income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT\$(1,623) thousand and NT\$(5,889) thousand representing 6.69% and 25.79% of the consolidated other comprehensive income, are based solely on the audit reports of other auditors.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

Hong,Mao-Yi

Cheng,Ching-Piao

Ernst & Young  
February 15<sup>th</sup>, 2022  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2021 and 2020  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$15,332,027	26	\$11,664,932	27
1110	Financial assets at fair value through profit or loss	4, 6(2)	616,080	1	1,594,063	4
1136	Financial assets carried at amortized cost	4, 6(3), 8	20,057	-	467,167	1
1150	Notes receivable, net	4, 6(5)	4,200	-	1,182	-
1170	Accounts receivable, net	4, 6(6)	5,648,004	10	4,377,155	10
1180	Accounts receivable - related parties, net	6(6), 7	26,311	-	24,862	-
1200	Other receivables		406,415	1	141,161	-
1210	Other receivables - related parties	7	367	-	4,114	-
1310	Inventories, net	4, 6(7)	3,465,944	6	2,889,017	7
1410	Prepayments		532,717	1	212,742	1
1470	Other current assets		372,182	-	287,596	1
11xx	Total current assets		26,424,304	45	21,663,991	51
	Non-current assets					
1517	Financial asset at fair value through OCI	4, 6(4)	51,000	-	51,000	-
1550	Investment accounted for under equity method	4, 6(8)	325,005	1	298,789	1
1600	Property, plant and equipment, net	4, 6(9), 8, 9	24,413,455	42	18,080,810	42
1755	Right-of-use asset	4, 6(23)	353,295	1	311,732	1
1780	Intangible assets	4, 6(10)	33,218	-	32,105	-
1840	Deferred income tax assets	4, 6(27)	23,053	-	28,262	-
1900	Other non-current assets	6(11), 7, 8	91,805	-	120,921	-
1915	Prepayment for acquiring machinery	6(9), 9	6,671,013	11	2,196,342	5
15xx	Total non-current assets		31,961,844	55	21,119,961	49
1xxx	Total Assets		\$58,386,148	100	\$42,783,952	100

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



**English Translation of Consolidated Financial Statements Originally Issued in Chinese**  
**Kinsus Interconnect Technology Corp. and Subsidiaries**  
**Consolidated Balance Sheets-(Continued)**  
**As of December 31, 2021 and 2020**  
**(Amounts Expressed In Thousands of New Taiwan Dollars)**

Liabilities and Equity			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	\$1,099,846	2	\$2,640,307	6
2130	Contract liability	4, 6(21)	111,350	-	161,731	-
2150	Notes payable		28,636	-	46,420	-
2170	Accounts payable		2,886,877	5	2,358,805	6
2200	Other payables	6(13), 7	7,234,272	13	3,933,209	9
2230	Current income tax liabilities	4, 6(27)	754,071	1	265,246	1
2280	Lease liability	4, 6(23)	52,396	-	41,846	-
2300	Other current liabilities	6(14)	1,634,143	3	1,076,669	3
2365	Refund liability	4, 6(15)	181,108	-	206,517	-
21xx	Total current liabilities		13,982,699	24	10,730,750	25
	Non-current liabilities					
2540	Long-term loans	6(16), 8	9,387,273	16	2,641,811	6
2570	Deferred income tax liabilities	4, 6(27)	26,016	-	27,763	-
2580	Lease liability	4, 6(23)	109,107	-	64,400	-
2600	Other non-current liabilities	6(17)	1,891,955	3	129,669	-
25xx	Total non-current liabilities		11,414,351	19	2,863,643	6
2xxx	Total liabilities		25,397,050	43	13,594,393	31
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,508,441	8	4,508,625	11
3200	Capital surplus	6(19)	6,633,051	11	6,632,030	16
3300	Retained earnings	6(19)				
3310	Legal reserve		3,700,821	6	3,647,505	9
3320	Special reserve		181,016	-	183,405	-
3350	Unappropriated earnings		14,249,110	25	10,882,082	25
3400	Other components of equity		(203,107)	-	(183,852)	-
3500	Treasury Stock	6(19)	-	-	(143)	-
36xx	Non-controlling interests	6(19)	3,919,766	7	3,519,907	8
3xxx	Total equity		32,989,098	57	29,189,559	69
	Total liabilities and equity		\$58,386,148	100	\$42,783,952	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(21), 7	\$35,672,763	100	\$27,098,474	100
5000	Operating costs	7	(25,146,918)	(70)	(21,279,420)	(79)
5900	Gross profit		10,525,845	30	5,819,054	21
6000	Operating expenses	7				
6100	Sales and marketing		(963,383)	(3)	(867,333)	(3)
6200	General and administrative		(2,055,373)	(6)	(1,289,140)	(5)
6300	Research and development		(2,495,688)	(7)	(2,328,146)	(8)
6450	Expected credit gains (losses)	4, 6(22)	(6,835)	-	6,144	-
	Total operating expenses		(5,521,279)	(16)	(4,478,475)	(16)
6900	Operating income		5,004,566	14	1,340,579	5
7000	Non-operating incomes and expenses					
7100	Interest income	6(25)	34,396	-	43,405	-
7010	Other incomes	6(25), 7	218,184	1	278,691	1
7020	Other gains or losses	6(25), 7	(39,941)	-	(229,122)	(1)
7050	Finance costs	6(25)	(81,133)	-	(76,703)	-
7060	Share of the profit or loss of associates and joint ventures	6(8)	27,839	-	(233,581)	(1)
	Total non-operating incomes and expenses		159,345	1	(217,310)	(1)
7900	Income before income tax		5,163,911	15	1,123,269	4
7950	Income tax expense	4, 6(27)	(671,803)	(2)	(193,826)	(1)
8200	Net income		4,492,108	13	929,443	3
8300	Other comprehensive income (loss)	6(26)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		9,757	-	(8,835)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(32,403)	-	(8,107)	-
8370	Share of the other comprehensive income (loss) of associates and joint ventures		(1,623)	-	(5,889)	-
	Total other comprehensive income (loss), net of tax		(24,269)	-	(22,831)	-
8500	Total comprehensive income		\$4,467,839	13	\$906,612	3
8600	Net income attributable to:					
8610	Shareholders of the parent		\$3,858,984	11	\$541,914	2
8620	Non-controlling interests		633,124	2	387,529	1
			\$4,492,108	13	\$929,443	3
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		\$3,846,649	11	\$535,468	2
8720	Non-controlling interests		621,190	2	371,144	1
			\$4,467,839	13	\$906,612	3
9750	Earnings per share-basic (in NTD)	6(28)	\$8.56		\$1.21	
9850	Earnings per share-diluted (in NTD)	6(28)	\$8.51		\$1.20	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Others		Treasury Stock	Total		
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit				
3100	3200	3310	3320	3350	3410	3490	3500	31XX	36XX	3XXXX		
A1	Balance as of January 1, 2020	\$4,510,738	\$6,637,742	\$3,647,505	\$100,384	\$10,882,980	\$(183,404)	\$(28,592)	\$(332)	\$25,567,021	\$3,270,679	\$28,837,700
	Appropriation and distribution of 2019 earnings											
B3	Special reserve				83,021	(83,021)				-		-
B5	Cash dividends-common shares					(451,039)				(451,039)		(451,039)
D1	Net income for 2020					541,914				541,914	387,529	929,443
D3	Other comprehensive income (loss), net of tax, for 2020					(8,835)	2,389			(6,446)	(16,385)	(22,831)
D5	Total comprehensive income (loss)	-	-	-	-	533,079	2,389	-	-	535,468	371,144	906,612
O1	Non-controlling interests increase (decrease)										(121,916)	(121,916)
T1	Employee restricted shares for cancellation and others	(2,113)	(5,712)			83		25,755	189	18,202		18,202
Z1	Balance as of December 31, 2020	\$4,508,625	\$6,632,030	\$3,647,505	\$183,405	\$10,882,082	\$(181,015)	\$(2,837)	\$(143)	\$25,669,652	\$3,519,907	\$29,189,559
A1	Balance as of January 1, 2021	\$4,508,625	\$6,632,030	\$3,647,505	\$183,405	\$10,882,082	\$(181,015)	\$(2,837)	\$(143)	\$25,669,652	\$3,519,907	\$29,189,559
	Appropriation and distribution of 2020 earnings											
B1	Legal reserve			53,316		(53,316)				-		-
B3	Special reserve				(2,389)	2,389				-		-
B5	Cash dividends-common shares					(450,847)				(450,847)		(450,847)
D1	Net income for 2021					3,858,984				3,858,984	633,124	4,492,108
D3	Other comprehensive income (loss), net of tax, for 2021					9,757	(22,092)			(12,335)	(11,934)	(24,269)
D5	Total comprehensive income (loss)	-	-	-	-	3,868,741	(22,092)	-	-	3,846,649	621,190	4,467,839
H3	Reorganization		1			(1)				-		-
O1	Non-controlling interests increase (decrease)										(221,331)	(221,331)
T1	Employee restricted shares for cancellation and others	(184)	1,020			62		2,837	143	3,878		3,878
Z1	Balance as of December 31, 2021	\$4,508,441	\$6,633,051	\$3,700,821	\$181,016	\$14,249,110	\$(203,107)	\$-	\$-	\$29,069,332	\$3,919,766	\$32,989,098

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2021	2020	Code	Items	2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$5,163,911	\$1,123,269	B00010	Acquisition of Financial asset measured at fair value through OCI	-	(1,000)
A20000	Adjustments:			B00040	Decrease (increase) in financial assets measured at amortized cost	447,110	(44,110)
A20010	Income and expense adjustments:			B02700	Acquisition of property, plant and equipment	(13,383,710)	(2,835,656)
A20100	Depreciation (including right-of-use assets)	4,330,894	4,377,815	B02800	Proceeds from disposal of property, plant and equipment	60,079	45,141
A20200	Amortization	46,518	39,654	B03800	Decrease (increase) in refundable deposits	29,116	(32,852)
A20300	Expected credit losses (gain on recovery)	6,835	(6,144)	B04500	Acquisition of intangible assets	(47,652)	(41,024)
A20400	Net gain of financial assets at fair value through P/L	(1,939)	(5,529)	BBBB	Net cash provided by (used in) investing activities	(12,895,057)	(2,909,501)
A20900	Interest expense	81,133	76,703				
A21200	Interest income	(34,396)	(43,405)	CCCC	Cash flows from financing activities:		
A21900	Cost of share based payment	3,836	19,915	C00100	Increase in (repayment of) short-term loans	(1,540,461)	(1,455,794)
A22300	Share of profit or loss of associates and joint ventures	(27,839)	233,581	C01600	Increase in long-term loans	7,663,644	1,814,930
A22500	Gain on disposal of property, plant and equipment	(18,739)	105,648	C01700	Repayments of long-term loans	(1,148,482)	(1,218,410)
A23700	Impairment loss on non-financial assets	32,785	19,627	C03000	Increase (decrease) in deposits received	1,747,172	29,399
A29900	Loss (gain) on lease modification	(710)	(160)	C04020	Cash payments for the principal portion of the lease liability	(50,176)	(122,692)
A29900	Loss (gain) on government grants	(8,457)	(3,458)	C04500	Cash dividends	(450,847)	(451,039)
A30000	Changes in operating assets and liabilities:			C05800	Increase (decrease) in non-controlling interests	(221,331)	(121,916)
A31110	Financial assets at fair value through P/L	979,922	(249,702)	CCCC	Net cash provided by (used in) financing activities	5,999,519	(1,525,522)
A31130	Notes receivable	(3,018)	3,736				
A31150	Accounts receivable	(1,277,678)	(761,461)	DDDD	Effect of exchange rate changes	(11,798)	29,383
A31160	Accounts receivable - related parties	(1,449)	86,461				
A31180	Other receivables	(265,847)	190,834	EEEE	Increase (decrease) in cash and cash equivalents	3,667,095	952,829
A31190	Other receivables - related parties	3,747	1,787	E00100	Cash and cash equivalents at beginning of period	11,664,932	10,712,103
A31200	Inventories	(576,927)	(436,042)	E00200	Cash and cash equivalents at end of period	\$15,332,027	\$11,664,932
A31220	Prepayments	(319,975)	(62,204)				
A31240	Other current assets	(84,586)	(88,924)				
A32125	Contract liabilities	(50,381)	89,105				
A32130	Notes payable	(17,784)	9,244				
A32150	Accounts payable	528,072	134,234				
A32180	Other payables	1,497,003	484,157				
A32230	Other current liabilities	827,790	24,833				
A32240	Net defined benefit liability	(4,350)	(4,240)				
A32990	Refund liability	(25,409)	131,652				
A33000	Cash generated from (used in) operations	10,782,962	5,490,986				
A33100	Interest received	34,986	44,032				
A33300	Interest paid	(65,126)	(73,072)				
A33500	Income tax paid	(178,391)	(103,477)				
AAAA	Net cash provided by (used in) operating activities	10,574,431	5,358,469				

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

## Attachment IV

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

Kinsus Interconnect Technology Corp.  
Earnings Distribution Proposal  
For The Year Ended December 31, 2021

Item	Amount (In: NT\$)
Beginning retained earnings	\$10,380,308,324
Add: Other comprehensive income (loss) in 2021	
-Actuarial gain/loss of defined benefit	9,757,497
Less: Adjustment of reorganization	(845)
Add: Adjustment of employee restricted stocks	62,063
Add: Net income after tax in 2021	3,858,983,221
Less: 10% legal reserve	(386,880,194)
Special reserve	(22,091,547)
Distributable earnings	13,840,138,519
Distributions	
Less: Cash dividend to shareholders (NT\$4.5 per share)	(2,028,798,270)
Unappropriated retained earnings	<u><u>\$11,811,340,249</u></u>

Chairman:

CEO:

Chief Accountant:

## Attachment V

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Kinsus Interconnect Technology Corp. Comparison for amendment to Articles of Incorporation

After amendment	Before amendment	Explanation
<b>Article 9-1:</b> <u>When the Company's shareholders' meeting is held, it can be held by means of physical shareholder meeting, visual communication network (including pure video shareholders' meeting and video-assisted shareholders' meeting) or other methods promulgated by the central competent authority. It shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.</u>		According to Article 172-2 of "Company Act" to this article is hereby amended open up public offering companies to convene shareholders' meetings by video conferencing.
<b>Article 16:</b> The board of directors is composed of directors. The functions and responsibilities of the board of directors shall be as follows: 1. To determine the business plans and financial statements, 2. To propose distribution of profit or appropriation of losses, 3. To propose capital increase or decrease, 4. To enact important rules and organizational regulations of the Company, 5. To engage and terminate the general manager and principal manager of the Company, 6. To determine the establishment and winding-up of branches, 7. To produce the budget and the final accounts, and 8. To <u>delegated</u> other duties authorized by the Company Act or the resolution of the shareholders' meeting(s).	<b>Article 16:</b> The board of directors is composed of directors. The functions and responsibilities of the board of directors shall be as follows: 1. To determine the business plans and financial statements, 2. To propose distribution of profit or appropriation of losses, 3. To propose capital increase or decrease, 4. To enact important rules and organizational regulations of the Company, 5. To engage and terminate the general manager and principal manager of the Company, 6. To determine the establishment and winding-up of branches, 7. To produce the budget and the final accounts, and 8. To perform other duties authorized by the Company Act or the resolution of the shareholders' meeting(s).	The text of this article may be updated as appropriate.
<b>Article 24-1:</b> The Company, if making profits in current year, shall distribute the earnings in the following order: 1. Payment of all taxes and dues;	<b>Article 24-1:</b> The Company, if making profits in current year, shall distribute the earnings in the following order: 1. Payment of all taxes and dues;	1. In practice, "total capital" is determined by the amount of paid-in capital,

After amendment	Before amendment	Explanation
<p>2. Offset prior years' operation losses;</p> <p>3. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve; However, when the statutory surplus reserve has reached the company's <u>paid-in capital</u>, this limitation is not applicable;</p> <p>4. Set aside or reverse special reserve in accordance with law and regulations;</p> <p>5. The remaining portion after the above-mentioned, accounted for as distributable earnings from current year, plus the undistributed earnings from prior years, i.e. accumulated distributable earnings, can be distributed to shareholders based on the proposal submitted by the board and approved by shareholders. If any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.</p> <p>To authorize the distributable dividends and bonuses <u>or all or part of statutory surplus reserve and capital reserve</u> in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.</p>	<p>2. Offset prior years' operation losses;</p> <p>3. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;</p> <p>4. Set aside or reverse special reserve in accordance with law and regulations;</p> <p>5. The remaining portion after the above-mentioned, accounted for as distributable earnings from current year, plus the undistributed earnings from prior years, i.e. accumulated distributable earnings, can be distributed to shareholders based on the proposal submitted by the board and approved by shareholders. If any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.</p> <p>To authorize the distributable dividends and bonuses in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.</p>	<p>that is, the statutory surplus reserve set aside by the company. When the amount of paid-in capital is reached, it is no longer required to be set aside. Therefore, in accordance with Article 237 of the Company Law 1 provision, the text should be revised to conform to the actual situation.</p> <p>2. According to Article 240 and 241 of the Company Law stipulate that if dividends and bonuses are distributed in cash from shareholders' dividends, statutory surplus reserves and capital reserves, they may be specially resolved by the board of directors and reported to the shareholders' meeting.</p>
<p><b>Article 28:</b></p> <p>The Article was agreed by all the promoters in founder's meeting in September 1, 2000. The first revised was June 28, 2003. The second revised was August 26, 2003. The third revised was April 16, 2004. The fourth</p>	<p><b>Article 28:</b></p> <p>The Article was agreed by all the promoters in founder's meeting in September 1, 2000. The first revised was June 28, 2003. The second revised was August 26,</p>	<p>Additional revision date.</p>

After amendment	Before amendment	Explanation
time revised was April 16, 2004. The fifth time revised was June 14, 2005. The sixth time revised was June 14, 2005. The seventh revised was June 19, 2006. The eighth revised was May 30, 2007. The ninth revised was May 30, 2008. The tenth revised was June 18, 2010. The eleventh revised was June 22, 2011. The twelfth revised was June 18, 2012. The thirteenth revised was May 27, 2016. The fourteenth revised was May 26, 2017. The fifteenth revised was May 29, 2019. The sixteenth revised was May 28, 2020. <u>The seventeenth revised was May 27, 2022.</u>	2003. The third revised was April 16, 2004. The fourth time revised was April 16, 2004. The fifth time revised was June 14, 2005. The sixth time revised was June 14, 2005. The seventh revised was June 19, 2006. The eighth revised was May 30, 2007. The ninth revised was May 30, 2008. The tenth revised was June 18, 2010. The eleventh revised was June 22, 2011. The twelfth revised was June 18, 2012. The thirteenth revised was May 27, 2016. The fourteenth revised was May 26, 2017. The fifteenth revised was May 29, 2019. The sixteenth revised was May 28, 2020.	



## Attachment VI

### Kinsus Interconnect Technology Corp.

#### Acquisition and disposal of assets amendment table

After amendment	Before amendment	Explanation
<p><b>Article 6:</b> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1.~3. Omit. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall <u>comply with the self-discipline regulations of the trade associations to which it belongs and</u> comply with the following: 1.Omit. 2.When <u>performing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3.They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p><b>Article 6:</b> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1.~3. Omit. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: 1.Omit. 2.When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3.They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and reasonableness</u> of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>1.In order to clarify the procedures and responsibilities that external experts should follow, the preamble of Paragraph 2 is amended, in addition to the items listed in the current Paragraph 2, they should also be handled in accordance with the self-discipline regulations of their respective trade associations. 2.In view of the fact that the work of experts to issue valuation reports or reasonableness opinions is not the work of auditing financial reports, the wording of “examining” cases in Subparagraph 2 of Paragraph 2 is amended to be “performing” cases. In addition, in order to</p>

After amendment	Before amendment	Explanation
		conform to the actual evaluation situation of the experts on the data sources, parameters, etc. used, the text of the evaluation “comprehensiveness, accuracy, and reasonableness” in Subparagraphs 3 and 4 of Subparagraph 2 is amended to be “appropriate and reasonable” .
<p><b>Article 7:</b> Procedures for acquisition or disposal of real estate, equipment or right-of-use assets are as follows: 1.~3. Omit. 4.Appraisal report of real estate, equipment or right-of-use assets thereof: In acquiring or disposing real estate, equipment or right-of-use assets thereof where the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a government agency, contracting third parties to build on the land owned or rented by the Company, or acquiring or disposing of machinery and equipment or right-of-use assets thereof for operating purposes. (1).~(2). Omit. (3). Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, except the actual acquisition price is lower than the appraised price or the actual</p>	<p><b>Article 7:</b> Procedures for acquisition or disposal of real estate, equipment or right-of-use assets are as follows: 1.~3. Omit. 4.Appraisal report of real estate, equipment or right-of-use assets thereof: In acquiring or disposing real estate, equipment or right-of-use assets thereof where the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a government agency, contracting third parties to build on the land owned or rented by the Company, or acquiring or disposing of machinery and equipment or right-of-use assets thereof for operating purposes. (1).~(2). Omit. (3).Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, except the actual acquisition price is lower than the appraised price or the actual disposal 5 price is higher</p>	<p>Considering that Article 6 has been amended and added to require external experts to issue opinions, they should follow the self-discipline rules of their own trade associations, and the procedures for accountants to issue opinions have been covered. Therefore, it delete the wording in the Article 7 Item 4 paragraph 3 which say that</p>

After amendment	Before amendment	Explanation
<p>disposal price is higher than the appraised price, a CPA shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a.~b. Omit. (4)~(5). Omit.</p>	<p>than the appraised price, a CPA shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a.~b. Omit. (4)~(5). Omit.</p>	<p>CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation .</p>
<p><b>Article 8:</b> Procedures for acquisition or disposal of securities Investment 1.~3. Omit. 4. Professional opinions: (1)In acquiring or disposing securities where the transaction price reaches 20% of the Company’s paid-in capital or exceeds NT\$300 million, opinions regarding the transaction price from CPA shall be obtained prior to the date of occurrence. Where the transaction price is available in the open market or otherwise regulated by the Financial Supervisory Commission (“SFC”) under the Executive Yuan, the limitation shall not apply. (2)Omit.</p>	<p><b>Article 8:</b> Procedures for acquisition or disposal of securities Investment 1.~3. Omit. 4. Professional opinions: (1)In acquiring or disposing securities where the transaction price reaches 20% of the Company’s paid-in capital or exceeds NT\$300 million, opinions regarding the transaction price from CPA shall be obtained prior to the date of occurrence. <u>Where CPA’s opinion is based on the professional opinions, it shall be prepared in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> Where the transaction price is available in the open market or otherwise regulated by the Financial Supervisory Commission (“SFC”) under the Executive Yuan, the limitation shall not apply. (2)Omit.</p>	<p>The reasons for the amendment are the same as those described in Article 7.</p>
<p><b>Article 9:</b> Procedures for related parties’ transactions are as follows: 1. Omit. 2. Evaluation and operating procedures: When acquiring or disposing real estate or right-of-use assets thereof with a related party regardless of its transaction price, or acquiring or disposing assets or right-of-use assets thereof other than real</p>	<p><b>Article 9:</b> Procedures for related parties’ transactions are as follows: 1. Omit. 2. Evaluation and operating procedures: When acquiring or disposing real estate or right-of-use assets thereof with a related party regardless of its transaction price, or acquiring or disposing assets or right-of-use assets thereof other than real estate</p>	<p>In order to strengthen the management of related party transactions, taking into account the norms of major international capital markets, it is added that the</p>

After amendment	Before amendment	Explanation
<p>estate with a related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million, except in trading of domestic government bonds, bonds with call/put option, and money market funds issued by domestic security/investment/trust institutions, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and resolved by the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from board of directors. When acquiring or disposing equipment for production purpose with a related party, board of directors can authorize the chairman to exercise the duty within the prescribed limit and report to the board of directors upon completion of the transactions.</p> <p>(1)~(7) Omit.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1)~(2) Omit.</p> <p><u>The Company or its subsidiaries that are not domestic public companies have the first transaction, and the transaction amount is more than 10% of the Company's total assets, the Company shall submit the all kinds of information in the first paragraph to the shareholders' meeting for approval, before signing the transaction contract and making payment. However, the transaction</u></p>	<p>with a related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million, except in trading of domestic government bonds, bonds with call/put option, and money market funds issued by domestic security/investment/trust institutions, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and resolved by the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from board of directors. When acquiring or disposing equipment for production purpose with a related party, board of directors can authorize the chairman to exercise the duty within the prescribed limit and report to the board of directors upon completion of the transactions.</p> <p>(1)~(7) Omit.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1)~(2) Omit.</p> <p>3. Omit.</p>	<p>public offering company or its subsidiary that is not a domestic public offering company acquires or disposes of assets from related parties, and the transaction amount reaches 10% of the public offering company's total assets. For the above, the public offering company shall submit the relevant information to the shareholders' meeting for approval before doing so, in order to protect the rights and interests of shareholders, but the public offering company and its parent company, subsidiaries, or their subsidiaries are exempt from the resolution of the shareholders' meeting for transactions with each other.</p>

After amendment	Before amendment	Explanation
<p><u>between the Company and its parent Company, subsidiaries, or its subsidiaries is not limited to this.</u></p> <p>3. Omit.</p>		
<p><b>Article 10:</b> Procedures for acquisition or disposal of Membership, intangible assets or right-of-use assets 1.~3. Omit. 4.CPA's opinion is required under the following circumstances (1)Where the transaction price of acquiring or disposing membership, intangible assets or right-of-use assets reaches 20% of the Company's paid-in capital orexceeds NT\$300 million, except for those transactions dealt with domestic government, CPA's opinion shall be obtained prior to the date of occurrence. (2) Omit.</p>	<p><b>Article 10:</b> Procedures for acquisition or disposal of Membership, intangible assets or right-of-use assets 1.~3. Omit. 4.CPA's opinion is required under the following circumstances (1)Where the transaction price of acquiring or disposing membership, intangible assets or right-of-use assets reaches 20% of the Company's paid-in capital orexceeds NT\$300 million, except for those transactions dealt with domestic government, <u>CPA's opinion, in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDE,</u> shall be obtained prior to the date of occurrence. (2) Omit.</p>	<p>The reasons for the amendment are the same as those described in Article 7.</p>
<p><b>Article 14:</b> Procedures for public disclosure of Information 1. Disclosure items and standards (1)~(3) Omit. (4)Any transaction, other than those referred in the preceding three subparagraphs, such as disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply: A.Trading of domestic government bonds <u>or government bonds with a credit rating not lower than our country's sovereign rating.</u> B.Securities trading by Investmen professionals on securitie exchanges or over-the-counter</p>	<p><b>Article 14:</b> Procedures for public disclosure of Information 1. Disclosure items and standards (1)~(3) Omit. (4)Any transaction, other than those referred in the preceding three subparagraphs, such as disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply: A.Trading of domestic government bonds. B.Securities trading by Investmen professionals on securitie exchanges or over-the-counter markets, general corporate bonds or general financial bonds without equity</p>	<p>1.Considering that the current public issuance companies have been exempted from the announcement and declaration for their purchases of domestic public bonds, the first item of Paragraph 4 of Paragraph 1 of the first paragraph is to be amended to relax the issuance rating of their trading of bonds that are not lower than my country's sovereign rating. declare. 2.Considering that the</p>

After amendment	Before amendment	Explanation
<p>markets, <u>foreign government bonds</u>, general corporate bonds or general financial bonds without equity issued/outstanding (excluding subordinated debt) in domestic preliminary markets, or subscription or redemption of securities investment trust funds, <u>or to purchase or sell back index investment securities</u>, or marketable securities subscribed by security companies due to the underwriting needs and being designated as underwriters in accordance with related regulations of Taipei Exchange.</p> <p>C.~F. Omit. (5)Omit. 2.~3.Omit.</p>	<p>issued/outstanding (excluding subordinated debt) in domestic preliminary markets, or subscription or redemption of securities investment trust funds, or marketable securities subscribed by security companies due to the underwriting needs and being designated as underwriters in accordance with related regulations of Taipei Exchange.</p> <p>C.~F. Omit. (5)Omit. 2.~3.Omit.</p>	<p>commodity nature of foreign public bonds is simple, and the creditworthiness is usually better than that of foreign ordinary corporate bonds; in addition, the commodity properties of index investment securities and index stock funds are similar, and the second item (2) of Paragraph 4, Paragraph 1 should be amended to relax the investment as a commodity. Professionals who subscribe for foreign government bonds, subscribe for or sell back index investment securities in the primary market are also exempted from public announcement and declaration.</p>

## **Appendix I**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp. Rules of Procedure for Shareholder Meetings**

#### **Article 1**

Unless otherwise required by laws and regulations, the shareholders meeting of the Company shall be held in accordance with these Rules.

#### **Article 2**

This Corporation 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 present shall be calculated based on the attendance sheet or the attendance cards delivered.

#### **Article 3**

The attendance and voting at the shareholders' meeting shall be calculated based on the shares.

#### **Article 4**

The place of the shareholders meeting shall be at the office of the Company or at a location convenient to the shareholders and suitable for convening a shareholders meeting. The time of the meeting may not be earlier than 9 a.m. or later than 3 p.m.

#### **Article 4-1**

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

#### **Article 5**

When the shareholders meeting was convened by the Board of Directors, the shareholders' meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent or is unable to exercise the duties for certain reasons, the vice-Chairman shall act on his/her behalf. If the vice-Chairman is absent or is unable to exercise the duties for certain reasons, the Chairman may designate the managing director to act on his/her behalf; if there is no managing director, one of the directors may be designated to act on his/her behalf. Where the Chairman does not designate a proxy, the managing director or directors may elect a person among themselves to act on behalf of the Chairman. When the shareholders meeting was convened by other persons who have the convening right, the shareholders' meeting shall be presided by the convener. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

#### **Article 6**

The Company may designate the attorneys, accountants or relevant personnel engaged to present in the shareholders meeting. The staffs handling the shareholders meeting shall wear identification cards or arm-band.

## **Article 7**

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

## **Article 8**

Upon the starting time of the meeting, the chairman shall order the meeting to begin. However, where the shareholders present represent half or less than half of the total outstanding shares, the chairman may postpone the meeting for a total of two times. The postponed time may not in total exceed one hour. Where after two postponements, the shareholders present still do not meet the quorum but represent one-third or more of the total outstanding shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. If the shares present represent more than half of the total outstanding shares before the end of the meeting, the chairman may propose the tentative resolution to the shareholders meeting for voting in accordance with Article 174 of the Company Act.

## **Article 9**

If the shareholders meeting is convened by the Board of Directors, its agenda shall be stipulated by the Board of Directors, and the meeting shall be held in accordance with the agenda and may not be changed without the resolution of the shareholders meeting. When the shareholders meeting was convened by other persons who have the convening right, the above paragraph shall apply mutatis mutandis. Before the closing of the discussions (including provisional motions) stipulated in the agenda under the above two paragraphs, the chairman may not announce the adjournment of the meeting without resolution. After the adjournment of the meeting, the shareholders may not elect a chairman to continue the meeting at the original address or at another location.

## **Article 10**

Before a shareholder makes a statement, he/she must complete a statement slip stating the subject of the statement, the shareholder number (or attendance card number) and shareholder name, and the chairman shall determine the order of his/her statement. Where a shareholder present only completed a statement slip but did not make a statement, he/she will be deemed to not have made a statement. Where the statement made is inconsistent with that stated on the statement slip, the statement made will prevail. When a shareholder present makes a statement, the other shareholders may not make a statement and interfere, unless consent is obtained from the chairman and the shareholder making the statement. The chairman shall restrain such interfering shareholder.

## **Article 11**

For each proposal, a shareholder may not make more than two statements, unless consent is obtained from the chairman. Each statement may not exceed five minutes. The chairman may restrain the shareholder from making the statement if he/she violates the above provisions or has exceeded the scope of the proposal.

## **Article 12**

Where an institution is delegated to attend the shareholders meeting, it may only appoint one representative to attend.

Where the institution appoints two or more representatives to attend the shareholders meeting, only one person may make a statement for each proposal.

## **Article 13**

After a shareholder makes a statement, the chairman may respond him/herself or designate a relevant person to respond.



**Article 14**

Where the chairman believes that the proposal discussed may be resolved, he/she may announce the ending of the discussion and propose that votes be made.

**Article 15**

If the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

**Article 16**

The personnel supervising and calculating the votes for the proposals shall be designated by the chairman, but the supervising personnel shall be a shareholder. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes and the numbers of votes with which they were elected, shall be announced on-site at the meeting, and a record made of the vote.

**Article 17**

During the meeting, the chairman may announce recesses at his/her own discretion.

**Article 18**

Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present.

**Article 19**

When a proposal has an amendment or a replacement, the chairman may combine it with the original proposal and determine the order of resolution. If one of the proposals is resolved, the other proposals will be deemed as rejected and there is no need to make another resolution.

**Article 20**

The chairman may instruct the security officer to assist in maintaining the order of the meeting. The security officer shall wear an arm-band with the word "Security" when assisting in the maintenance of the order of the meeting.

**Article 21**

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

**Article 22**

These Rules and Procedures of Shareholders' Meeting were made on June 28, 2003. The first amendment was on June 17, 2013.

## **Appendix II**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Articles of Incorporation of Kinsus Interconnect Technology Corp.**

#### **CHAPTER I GENERAL PROVISIONS**

##### **Article 1**

This Company is incorporated under the Company Act, with the name of KINSUS INTERCONNECT TECHNOLOGY CORP, and the English name of KINSUS INTERCONNECT TECHNOLOGY CORP.

##### **Article 2**

The business scope of the Company is as following:

1. CC01080 Electronic Parts and Components Manufacturing
2. F119010 Wholesale of Electronic Materials
3. F219010 Retail Sale of Electronic Materials
4. I103060 Management consultation
5. CQ01010 Die Manufacturing
6. CC01990 Electrical Machinery, Supplies Manufacturing
7. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
8. F401010 International Trade
9. C801010 Basic Industrial Chemical Manufacturing
10. ZZ99999 All business items that are not prohibited or restricted by laws and regulations, except for those subject to special approval.

##### **Article 3**

The Company has its head office in Taoyuan City, and the Company may establish branches in and out of this country.

##### **Article 4**

The method of the public announcement of the Company shall be made in accordance with Article 28 of the Company Act.

#### **CHAPTER II SHARES**

##### **Article 5**

The authorized capital of the Company is NTD 6,000,000,000, divided into 600,000,000 shares, at a par value of NTD 10 per share. The shares may be issued in installments, and the shares which have not been issued would be issued in installments pursuant to the resolution of board of directors. The registered capital keeps NTD 300,000,000 divided into 30,000,000 shares provided for exercise of the option of stock option certificates, preferred shares with warrants and warrants attached to corporate bonds, which may be issued in installments pursuant to the resolution of board of directors.

##### **Article 5-1**

When the Company transfer to the employees at a price lower than the average price of the actual bought-back shares, or lower than “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” exercise price issue employee stock warrants, it shall be resolved by two-thirds of the votes at a shareholders' meeting attended by shareholders representing a majority of the total number of issued shares.

#### **Article 5-2**

The company of reward tools include stock repurchase, qualification requirements of employees, an issuance of new shares and shares of restricted stock for employees with Company Act and Securities and Exchange Act. Qualification requirements of employees, and subscription by employees including the employees of parents or subsidiaries of the company meeting certain specific requirements, provide for the board of directors.

#### **Article 6**

Share certificates of the Company shall be in registered form, signed or sealed by directors representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The issued shares may be exempted from printing any share certificate, provided that such issuance shall register the issued shares with a centralized securities depository enterprise agency and follow the regulations of that agency.

#### **Article 7**

The shareholders of the Company shall conduct shares related affairs or exercise other relevant rights in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies unless the laws, regulations or securities regulation rules provide otherwise.

#### **Article 8**

The shareholders' register shall be closed during 60 days prior to the date of an ordinary shareholders' meeting, 30 days prior to the date of an extraordinary shareholders' meeting, or five days period prior to the record dates for distribution of dividends, bonuses or other benefits of the Company.

### **CHAPTER III SHAREHOLDER'S MEETING**

#### **Article 9**

The shareholders' meeting of the Company is as following :

1. Ordinary shareholders' meeting shall be convened within six months after close of each fiscal year by the branches.
2. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations.

#### **Article 10**

When the shareholders meeting was convened by the Board of Directors, the shareholders' meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent, the Chairman may designate one of the directors to act on his/her behalf. Where the Chairman does not designate a proxy, the directors may elect a person among themselves to act as the chairman of the meeting. When the shareholders meeting was convened by other persons who has the convening right, the shareholders' meeting shall be presided by the convener. When there are two or more conveners, the conveners shall elect among themselves to act as the chairman of the meeting.

#### **Article 11**

A notice to convene an ordinary meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and a notice to convene an extraordinary meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. Such notice shall specify the meeting date, meeting venue, and proposed matters and be sent to the shareholders in writing.

**Article 12**

When a shareholder for any reasons cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

**Article 13**

Except in the circumstances set forth in the Company Act where there is no voting right for a share, each shareholder of the Company shall have one vote for each share held.

**Article 14**

Unless otherwise specified in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present in person or through proxy, who represent more than one-half of the total number of voting shares. When the shareholders meeting was convened by the Board of Directors, it shall be handled in accordance with Article 183 of the Company Act.

## **CHAPTER IV DIRECTORS, AUDIT COMMITTEE AND MANAGERS**

**Article 15**

The Company set up seven to eleven directors with three-year term in adopting the system of nominating candidates. The shareholders elect the directors from the list of candidates and the directors can be re-elected for next term.

During the directors' term, the Company shall buy enough insurance for all its directors to cover the legal liability that might incur in mal-practice of its Company's business.

The board meeting is authorized to resolve the remuneration for the executive directors, no matter the Company makes profit or not, based on the degree of their participation and contribution to the Company's operations in reference to the industry level.

**Article 15-1**

The Company may have independent directors within the aforementioned number of directors and the number of independent directors shall be no less than one-fifth of the total number of directors and shall not be less than two. The election of independent directors shall adopt the candidate nomination system, and the shareholders shall elect the independent directors from the list of the candidates of the independent directors. The professional qualifications, shareholdings, restrictions on concurrent position, nomination, and other compliance matters shall be handled in accordance with relevant regulations of the securities authorities.

**Article 15-2**

Pursuant to Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee. The Audit Committee shall be composed of the entire number of Independent Directors.

**Article 15-3**

The board of directors of a company may have any other functional committees.

Any other functional committees shall establish exercise power rules and be enforced after resolving them in the board of directors.

**Article 16**

The board of directors is composed of directors. The functions and responsibilities of the board of directors shall be as follows:

1. To determine the business plans and financial statements,
2. To propose distribution of profit or appropriation of losses,
3. To propose capital increase or decrease,
4. To enact important rules and organizational regulations of the Company,
5. To engage and terminate the general manager and principal manager of the Company,
6. To determine the establishment and winding-up of branches,
7. To produce the budget and the final accounts, and
8. To perform other duties authorized by the Company Act or the resolution of the shareholders' meeting(s).

**Article 17**

The Chairman will be elected from among directors by a majority vote at a board meeting at which at least two-thirds (2/3) of directors are present. The Chairman shall be the representative of the Company externally.

**Article 18**

Convening the board meeting shall be handled in accordance with Article 204 of the Company Act. In order to convene the board meeting, notice may be made by written notice, e-mail or fax. Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

**Article 19**

The Chairman will preside at the board meetings. If the Chairman is on leave or unable to perform his/her duties, the Chairman may designate one of the directors to act on his/her behalf. Where the Chairman does not designate a proxy, the directors may elect a person among themselves to act as the chairman of the meeting. The directors shall personally attend the board meeting, and if the directors cannot attend the board meeting for certain reasons, he/she may appoint another director as his/her proxy. The board meeting may be convened via video conference, and the directors who attend the board meeting via video conference shall be deemed to have attended the meeting in person. The Chairman appoint another director as his/her proxy each time with a power of attorney stating the scope of authority with reference to the subjects to be discussed at the meeting and powers granted; provided that a director may act as the proxy for only one another director.

**Article 20**

The authority of the Audit Committee and the other compliance issues shall be made according to the Securities and Exchange Act and other relevant laws and regulations.

**Article 21**

The Company may have various managers. The appointment, discharge and the remuneration of the managers shall be handled in accordance with Article 29 of the Company Act.

## **CHAPTER V ACCOUNTING**

**Article 22**

The fiscal year of the Company commences from January 1 to December Final accounts shall be handled at the end of each fiscal year.

### **Article 23**

After the end of each fiscal year, the following documents and statements should be approved by the board of directors, and then submit the same to the ordinary shareholders' meeting for recognition:

1. Business Report,
2. Financial Statements, and
3. Proposal for distribution of profit or appropriation of losses.

### **Article 24**

The Company, if making profits in current year, shall provide the ratio of employee compensation to “income before tax and the employee and directors’ compensation to be provided” at less than 10% and the ratio of directors’ compensation to “income before tax and the employee and directors’ compensation to be provided” at be more than 1%, provided that all accumulated deficits, if any, are fully offset.

The employees’ compensation can be distributed in cash or stocks. The employees receiving the stock dividends may include employees in affiliated or control companies who met certain conditions stipulated by the Board of Directors authorized.

Employee and directors’ compensation are to report in the shareholders’ meeting.

### **Article 24-1**

The Company, if making profits in current year, shall distribute the earnings in the following order:

1. Payment of all taxes and dues;
2. Offset prior years’ operation losses;
3. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
4. Set aside or reverse special reserve in accordance with law and regulations;
5. The remaining portion after the above-mentioned, accounted for as distributable earnings from current year, plus the undistributed earnings from prior years, i.e. accumulated distributable earnings, can be distributed to shareholders based on the proposal submitted by the board and approved by shareholders. If any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

To authorize the distributable dividends and bonuses in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders’ demand for cash, dividend policy aims for a steady balance. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

## **ARTICLE VI SUPPLEMENTARY PROVISIONS**

### **Article 25**

The Company is allowed to make investment in an amount exceeding 40% of its paid-in capital and authorizes the Board of directors to execute the investment.

### **Article 25-1**

The Company may provide guarantee as necessary for the business.

### **Article 26**

The organizational rules and operating rules of the Company shall be enacted separately by the Board of Directors remuneration.

### **Article 27**

If there is any matter not covered herein, the Company Act and the relevant laws and regulations shall govern.

### **Article 28**

The Article was agreed by all the promoters in founder's meeting in September 1, 2000. The first revised was June 28, 2003. The second revised was August 26, 2003. The third revised was April 16, 2004. The fourth time revised was April 16, 2004. The fifth time revised was June 14, 2005. The sixth time revised was June 14, 2005. The seventh revised was June 19, 2006. The eighth revised was May 30, 2007. The ninth revised was May 30, 2008. The tenth revised was June 18, 2010. The eleventh revised was June 22, 2011. The twelfth revised was June 18, 2012. The thirteenth revised was May 27, 2016. The fourteenth revised was May 26, 2017. The fifteenth revised was May 29, 2019. The sixteenth revised was May 28, 2020.

## **Appendix III**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp.**

#### **Procedures for Acquisition or Disposal of Assets**

##### **Article 1**

The purpose of the procedures is for Kinsus Interconnect Technology Corp. (“the Company”) to protect its assets and to comply with relevant laws, rules and regulations. Any acquisition or disposal of assets conducted by the Company shall comply with the regulations set forth.

##### **Article 2**

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

##### **Article 3**

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

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

##### **Article 4**

Terms used in the procedures are defined as follows:

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



5. "Date of occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.
6. "Investment in mainland China": Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

## **Article 5**

Limits of amounts for the Company and each subsidiary in acquisition of non-operating related real estate, right-of-use assets and securities investment:

1. The acquisition of real estate and right-of-use assets for non-operating purpose shall not exceed 50% of its paid-in capital.
2. The total amount of securities investment shall not exceed 120% of its net worth.
3. The amount of investment in each respective security should not exceed 60% of its net worth.

## **Article 6**

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

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

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

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and

accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

## **Article 7**

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

1. Evaluation and operating procedures Acquisition or disposal of real estate and equipment or right-of-use assets thereof shall follow the Company's internal control procedures of fixed assets.
2. Terms and conditions of the transaction and level of authorization
  - (1) The transaction price of acquisition or disposal of real estate or right-of-use assets thereof shall reference the publicly announced value, appraised price, and actual transaction price in neighboring area to determine conditions and price. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company's net worth, approval from the Audit Committee and a resolution of the Board of Directors.
  - (2) The transaction price of acquisition or disposal of equipment or right-of-use assets thereof shall be determined either by price quotation, price comparison, price negotiation or tender. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company's net worth, an approval from Audit Committee and a resolution of the Board of Directors shall be obtained.
  - (3) It is allowed for the chairman to approve an agreement requiring the Board's pre-approval mentioned above and submit it to Board for adoption later in case of urgent business needs.
3. The execution

Where the Company acquires or disposes real estate or equipment, appropriate approval or right-of-use assets thereof shall be obtained in accordance with the level of authorization and responsible department shall execute accordingly.
4. Appraisal report of real estate, equipment or right-of-use assets thereof:

In acquiring or disposing real estate, equipment or right-of-use assets thereof where the transaction price reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a government agency, contracting third parties to build on the land owned or rented by the Company, or acquiring or disposing of machinery and equipment or right-of-use assets thereof for operating purposes.

  - (1) Where due to special circumstances and it is necessary to give a restricted price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval from the Audit Committee and the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
  - (2) Where the transaction price equals to or exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
  - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, except the actual acquisition price is lower than the appraised price or the actual disposal price is higher than the appraised price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
    - a. The difference between the appraised price and the actual transaction price equals to or exceeds 20% of the transaction price.

- b. The difference between the appraised prices of two or more professional appraisers equals to or exceeds 10% of the transaction price.
- (4) Where a professional appraisal is conducted prior to the contract date, the appraisal report should have been issued within 3 months of the contract date. However, if the object's publicly announced value is still the same and the appraisal report, and the report was issued no longer than 6 months, then the original professional appraiser may provide opinions.
- (5) Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report or CPA opinions.

## **Article 8**

### **Procedures for acquisition or disposal of securities Investment**

1. The Company acquisition or disposal of securities investment shall follow the Company's internal control procedures of investment.
2. Terms and conditions of the transaction and level of authorization
  - (1) Where the securities are traded in the centralized exchanged markets, the trading price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company's net worth, an approval from Audit Committee and a resolution of the Board of Directors shall be obtained.
  - (2) Where the securities are traded in the non-centralized markets, the subject matter's most recent financial statements audited by CPA shall be obtained prior to the date of occurrence, and used as the reference of its transaction price for the considerations of its net value per share, profitability and future potential. Where each transaction price exceeds 10% of the Company's net worth, an approval from Audit Committee and a resolution of the Board of Directors shall be obtained. Financial instruments such as bonds with call and put options, security funds and currency based instruments are not restricted by preceding paragraph and shall be executed in accordance with the level of authorization.
3. The execution  
The Company's financial and accounting department is responsible for the execution regarding the investment in marketable security upon completion of procedures mentioned above.
4. Professional opinions:
  - (1) In acquiring or disposing securities where the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, opinions regarding the transaction price from CPA shall be obtained prior to the date of occurrence. Where CPA's opinion is based on the professional opinions, it shall be prepared in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. Where the transaction price is available in the open market or otherwise regulated by the Financial Supervisory Commission ("SFC") under the Executive Yuan, the limitation shall not apply.
  - (2) Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report for CPA's opinions.

## **Article 9**

### **Procedures for related parties' transactions are as follows:**

1. When acquiring or disposing assets from a related party, in addition to the procedures set forth or right-of-use assets thereof in the preceding paragraphs, if the transaction price reaches 10% or more of the Company's total assets, an appraisal report from a professional appraiser or a CPA's opinion shall be obtained to ensure necessary resolutions are adopted and the reasonableness of the transaction terms is appraised. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Evaluation and operating procedures  
When acquiring or disposing real estate or right-of-use assets thereof with a related party regardless of its transaction price, or acquiring or disposing assets or right-of-use assets thereof other than real estate with a related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million, except in trading of domestic government bonds government bonds, bonds with call/put option, and money market funds issued by domestic

security/investment/trust institutions, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and resolved by the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from board of directors. When acquiring or disposing equipment for production purpose with a related party, board of directors can authorize the chairman to exercise the duty within the prescribed limit and report to the board of directors upon completion of the transactions.

- (1) The purpose, the necessity and the anticipated benefit of acquisition or disposal of the real estate.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) Information regarding the reasonableness of the preliminary transaction terms or right-of-use assets thereof in accordance with subparagraph 1 and 4 of paragraph 3, Article 9.
- (4) The date and the price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (2) Acquisition or disposal of real property right-of-use assets held for business use.

3. Evaluation of the reasonableness of the transaction costs:

- (1) When acquiring real estate from a related party or right-of-use assets thereof, the reasonableness of the transaction costs shall be evaluated by the following means:
  - A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) While the cost of the real estate or right-of-use assets thereof acquired from a related party shall be appraised in accordance with the provisions of the subparagraph (1) of paragraph 3, Article 1, CPA shall also be engaged to review the appraisal and render a specific opinion.
- (4) Where the real estate or right-of-use assets thereof is acquired from a related party, it shall be appraised in accordance with the provisions of the subparagraph (1) of paragraph 3, Article 9, and if the appraised cost is lower than the actual transaction cost, the paragraph (5) of Item 3, Article 9 shall apply. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:

- A. Where the related party acquires undeveloped land or leased land for development and in compliance with one of the following conditions:
    - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and the actual transaction price is lower than the related party's construction cost plus reasonable construction profit. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - b. Where the recent transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, and the land area and the transaction case terms are similar in consideration of the reasonable price or Lease convention discrepancies in floor or land prices in per property market practices.
  - B. Where the Company acquiring real estate or real property right-of-use assets from a related party and the terms of the transaction are similar to the terms of the recent transactions case for acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Where the recent transactions case for neighboring or closely valued parcels of land mentioned in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction case for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction case; within one year refers to one year from the actual date of acquisition of the real estate or right-of-use assets thereof.
- (5) Where the Company acquires real estate or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the provisions of the subparagraph (1) and (2) of paragraph 3, Article 9, are uniformly lower than the transaction price, the following steps shall be taken:
- A. A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real estate transaction or right-of-use assets thereof price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
  - B. The Audit Committee shall comply with the provisions of Article 218 of the Company Act.
  - C. Actions taken pursuant to subparagraph 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- Where a public company uses the equity method and a public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- (6) Where the Company acquires real estate or right-of-use asset from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions paragraph 1 and 2 of Article 9, while subparagraph 1, 2 and 3 of paragraph 3 shall not apply:
- A. The related party acquired the real estate or right-of-use asset through inheritance or as a gift.
  - B. More than five years had elapsed from the time the related party signed the contract



- to obtain the real estate or right-of-use asset to the signing date for the current transaction.
  - C. The property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build property, either on the company's own land or on rented land.
  - D. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (7) Where the Company obtains real estate or right-of-use asset from a related party, it shall also comply with the provisions set forth in the subparagraph (5) of paragraph 3, Article 9, if there is other evidence indicating that the acquisition was not an arms length transaction.

## **Article 10**

Procedures for acquisition or disposal of Membership, intangible assets or right-of-use assets

1. Evaluation and operating procedures
 

The Company's acquisition or disposal of Membership, Intangible assets or right-of-use assets shall be dealt with in accordance with the applicable laws, rules, and regulations.
2. Terms and conditions of the transaction and level of authorization
  - (1) The transaction price of acquisition or disposal of membership shall refer to the market value, terms and conditions and transaction price and a report shall be prepared for submission to the general manager. Where the transaction price exceeds 1% of the Company's paid-in capital or under NT\$3 million, shall be submitted to the General Manager for approval and shall be filed in the last meeting of the Board of Directors and if the transaction price exceeds NT\$3 million, must be approved by the Board of Directors.
  - (2) The transaction price of acquisition or disposal of intangible assets or right-of-use assets shall reference the publicly announced value and appraised price. Final transaction price shall be make an analysis to report chairman. The chairman is authorized to approve any transaction amounting to NT\$20 million or below and over 10% of the Company's paid-in capital while such transaction shall be reported to the following board meeting and executed in accordance with the level of authorization. For any transaction in amount exceeding NT\$20 million, either a pre-approval or an approval in a retroactive basis from borad meeting is needed.
3. The execution
 

The Company's financial, using department and administration is responsible for the execution regarding the acquisition or disposal of membership or intangible assets or right-of-use assets upon completion of procedures mentioned above.
4. CPA's opinion is required under the following circumstances
  - (1) Where the transaction price of acquiring or disposing membership, intangible assets or right-of-use assets reaches 20% of the Company's paid-in capital orexceeds NT\$300 million, except for those transactions dealt with domestic government, CPA's opinion, in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDF, shall be obtained prior to the date of occurrence.
  - (2) Where the company acquires or disposes of membership, intangible assets or right-of-use assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

## **Article 10-1**

The calculation of the transaction price referred to in the preceding four articles shall be done in accordance with the subparagraph (5) of paragraph 1, Article 16, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

## Article 11

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

## Article 12

Procedures for acquisition or disposal of financial derivatives

### 1. Trading principles and strategies.

#### (1) Types of instrument

- A. Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates or other instrument such as swaps, options, futures, forwards and various combinations thereof.
- B. Claims of financial institutions shall be conducted in accordance with The Procedures set forth. The transactions for redeemable bonds may be exempted from the regulations of the Procedures.

#### (2) Strategies

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

#### (3) Authorization and delegation

##### A. Financial department

##### a. Trading

- (a) To establish financial derivative strategies for the Company.
- (b) To evaluate holding of the positions periodically, establish trading strategies based on the judgment of the market intelligence and submit for approval.
- (c) To execute the trading in accordance with the level of authorization.
- (d) Shall material incident occur in the financial market and existing strategies is no longer applicable, new trading strategies shall be proposed and used as the basis for trading upon approval from the general manager and chairman.

##### b. Accounting

- (a) Executing the confirmation of transaction.
- (b) Examining if the transactions are executed in accordance with authorization and existing strategy.
- (c) To proceed monthly evaluation and submit the report to the general manager and chairman for their review and approval.
- (d) Accounting.

##### c. Settlement: To execute the settlement

##### d. Level of approval

##### (a) Level of approval required for each transaction of hedging purpose

Level of approval	Delegation of daily transaction	Delegation of each accumulated net position
Finance Manager	Up to US\$0.5 million (Included)	
General Manager	From US\$0.5 million up to US\$2 million (Included)	From US\$10 million up to US\$30 million (Included)
Chairman	Above US\$2 million	Up to US\$ 30 million

- (b) Transaction of other purposes shall only be preceded upon approval from the Audit Committee and the Board of Directors.

B. Internal Audit

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

C. Performance Evaluation

a. Trading with hedging purpose

- (a) The evaluation basis is the profit/loss between cost of the currency on the book and derivative transaction.
- (b) To fully comprehend the risks of evaluation, the Company shall conduct evaluation based on the monthly closing.
- (c) The Finance department shall provide evaluation of the foreign currency based position, the market trend and analysis of foreign currency to the general manager and chairman for their review.

b. Trading with specific purpose

The evaluation shall be conducted based on the actual profit/loss and the Finance personnel shall prepare financial statements based on the position held for management's review on a periodic basis.

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

a. The Contract Amount

(a) Transaction amount for hedging purpose

The Finance Department shall be in control of the currency based position to avoid any transaction risks. The transaction amount for hedging purpose shall not exceed the two-third net trading position within the Company. Chairman's approval is required if the transaction amount exceeded the aforementioned limit.

(b) Transaction for specific purpose

This can only be executed upon the financial department completing a proper strategy based on a good forecast toward market fluctuations and the board of directors approving such transaction. The accumulated contract amount of transactions for specific purpose shall not exceed USD10 million or otherwise an approval from the board of directors and compliance with the enacted policy be needed.

b. Maximum Limit of Loss

- (a) The purpose of hedging is to avoid risks and the total aggregated loss amount of transactions based on hedging purpose shall not exceed US\$500,000.
- (b) The loss of transaction based on specific purpose shall not exceed 10% of trading amount. If the loss amount exceeds the limit, the General manager and Chairman shall be notified and responsive actions shall be discussed in the Board of Directors meeting.
- (c) Loss amount per individual contract shall not exceed US\$50,000.
- (d) The annual accumulated maximum limit of loss of the transaction contracts for specific purpose shall not exceed USD300,000.

2. Measures of Risk management

(1) Credit Risk Control

The management over market risks shall be executed in accordance with following guidance due to the fact that engaging in financial derivatives is sensitive to market fluctuations and operating risks:

Counterparty: shall be of domestic or international reputable financial institutions.

Financial tools: shall be provided by domestic or international reputable financial institutions.



Transaction amount: the unsettled transaction amount for a same counterparty shall not exceed 10% of total authorized amount, except for those specially approved by the general manager.

(2) Market Risk Control

Primarily the open currency market provided by the banks, excluding the option market.

(3) Liquidity Risk Control

To ensure liquidity, financial instruments with high liquidity shall be chosen, and financial institutions responsible for trading shall provide sufficient information and have the capability to trade in any markets over any time zone.

(4) Cash-Flow Risk Control

To maintain stable turnover of the working capital of the Company, the source of the capital for derivative transaction shall be self funded, and the transaction shall take capital needs into consideration.

(5) Operating Risk Control

A. To comply with the authorized amount, procedures and internal audit processes.

B. Different personnel shall be assigned for trading, confirmation and settlement.

C. Personnel who is in charge of risk evaluation, monitoring and controlling shall not be in same department as those described in the preceding paragraph, and reporting shall be made to the Board of Directors or the management who is not responsible for trading or determination of position.

(6) Financial Instrument Risk Control

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

(7) Legal Risk Control

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

3. Internal Audit system

(1) Internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with the "Handling Procedure to Engage in the Transaction of Derivative Products" and analyze the trading cycle in order to make the auditing report. Shall there be any material violation; a written notice shall be sent to the Independent director.

(2) The Company's internal audit personnel shall file the internal audit reports and the executing details of internal auditing by the end of February of the following year and also the improvement actions with respect to any deficiencies found by the end of May of the following year to FSC.

4. Periodic evaluation system

(1) The Board of Directors shall authorize the management to monitor and review the compliance of the derivative transaction with internal procedures periodically. If any abnormality detected in the market value evaluation report, the Board of Directors shall be informed immediately and responsive actions shall also be taken accordingly.

(2) The position held under the derivative trading shall be evaluated once a week, while transaction associated with hedging purpose shall be evaluated twice per month, and the evaluation reports shall be submitted to the management authorized by the Board of Directors.

5. Auditing principle by the Board of Directors

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

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

B. To monitor the trading and its performance. Shall there be any material event, Board of Directors shall be informed and necessary actions shall be taken.

- (2) To check if the performance meets the business strategy and to determine if the risks are within the corporate tolerance level periodically.
- (3) Derivative transaction shall be conducted in accordance with the relevant procedures and reported to Board of Directors afterwards.
- (4) To establish a reference book for derivative transaction with detailed information, including its type, amount, approval date from Board of Director and evaluation items listed in the paragraph 2 of Article 4, the paragraph 1 and 2 of Article 5.

### **Article 13**

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

#### **1. Evaluation and operating procedures**

- (1) CPA, attorney, and securities underwriter shall be engaged to schedule 17 project timetable and a task force shall be formed to execute the project according to statutory rules and regulations. Prior to convening the Board of Directors to resolve on the matter, a CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the fairness opinion from above-mentioned expert may be exempted if the Company merges its directly or indirectly wholly-owned subsidiaries or the merger is among the Company's directly or indirectly wholly-owned subsidiaries.

- (2) The Company shall issue a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting. The report shall include the expert's opinion referred to in the preceding paragraph when sending shareholders meeting notification provided, where a provision of another Act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public announcement regarding their reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.

- (3) A full written record of the following information shall be prepared and retained for five years for reference:

##### **A. Personnel information**

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

##### **B. Dates of material events**

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

##### **C. Important documents and minutes**

Including merger, spin-off, acquisition, and share transfer plans, 18 any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

#### **2. Others**

- (1) Board of Director meeting date:

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

participating in a share transfer shall call a Board of Directors meeting on the day of the transaction, unless another Act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(2) Non-disclosure commitment:

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

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

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

- A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- B. An action, such as a disposal of major assets that affects the Company's financial operations.
- C. An event, such as a major disaster or major change in technology 19 that affects equity or share price.
- D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- E. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.
- F. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) Content of contract

The contract of the companies participating in the merger, spin-off, acquisition, or share transfer shall be under Article 371-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act and shall also record the followings:

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

(5) Changes of companies participating in mergers, spin-off, acquisition and share transfer: After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a 20 resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to

resolve on the matter anew.

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

## **Article 14**

### **Procedures for public disclosure of Information**

#### **1. Disclosure items and standards**

- (1) Acquisition or disposal of real estate or right-of-use assets with a related party regardless of its transaction price, or of assets other than real estate or right-of-use assets with a related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million. Trading of domestic government bonds, bonds with call or put options and subscription or redemption of money market funds issued by securities investment trust companies are excluded herein.
- (2) Merger, spin-off, acquisition, or share transfer.
- (3) Losses from derivative transaction reaching the maximum limits of aggregated losses or losses on individual contracts set forth in The Procedures adopted by the Company.
- (4) Any transaction, other than those referred in the preceding three subparagraphs, such as disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:
  - A. Trading of domestic government bonds.
  - B. Securities trading by Investment professionals on securities exchanges or over-the-counter markets, general corporate bonds or general financial bonds without equity issued/outstanding (excluding subordinated debt) in domestic preliminary markets, or subscription or redemption of securities investment trust funds, or marketable securities subscribed by security companies due to the underwriting needs and being designated as underwriters in accordance with related regulations of Taipei Exchange.
  - C. Trading of bonds with call or put options, subscription or redemption of money market funds issued by securities investment trust companies.
  - D. Acquisition or disposal of equipment/machinery or right-of-use assets used for operation, the trading counterparty is not a related party, and the transaction amount is above and inclusive of NT\$500 million.
  - E. Acquisition or disposal by a company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.
  - F. Land acquired under an arrangement for commissioned construction on self-owned or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction is above and inclusive of NT\$500 million.
- (5) The amount of transactions mentioned above shall be calculated as follows:
  - A. The amount of any individual transaction
  - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
  - C. The cumulative transaction amount of real estate or right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

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

#### **Article 14-1**

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

#### **Article 15**

The subsidiaries of the Company shall comply with the followings:

1. The subsidiaries shall establish the Procedures in accordance with the "Regulation Governing the Acquisition and Disposal of Assets by Public Companies" and obtain approval from the subsidiaries' Board of Directors and its shareholders' meetings and execute in accordance with the enacted procedures.
2. The subsidiaries shall comply with the provisions set forth in The Procedures, in addition to their own procedures, when acquiring or disposing assets.
3. The Company shall disclose information on behalf of subsidiaries that are not publicly listed in the domestic market.
4. The paid-in capital or total asset of the Company shall be the standard for determining whether or not the Company shall disclose information on behalf of a subsidiary in the event of the type of transaction.

#### **Article 16**

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

## **Article 17**

### **Implementation and amendment**

1. The Procedures for acquiring and disposing assets have been agreed by audit committee, approved by the meeting of board of directors and proposed to the Company's shareholders' meeting for final approval. The Company shall follow with the same procedures for any future amendment.
2. Any acquisition or disposal of assets made according to item#1 mentioned above and the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board. The board shall take into considerations of the opinions from independent directors when resolving the Procedures. The board meeting minutes shall be specified of any objection from independent directors if any.
3. The terms "all members of Audit Committee" or "all directors" mentioned in the preceding paragraphs shall include the actual number of persons currently holding those positions then.

## **Article 18**

### **Others**

Anything not prescribed in this Procedures shall be executed in accordance with related rules or regulations.

## Appendix IV

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Shareholding of Directors

1. Paid-in capital of the Company is NTD\$4,508,440,600, with a total of 450,844,060 outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 16,000,000 shares.
3. As of the date for suspending the share transfer for this shareholders meeting, the shareholding of each individual and entire directors stipulated in the shareholders roster is as follows:

Book closure date: March 29, 2022

Position	Name	Shareholding when elected		Current shareholding	
		Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Chairman	Liao, Sih-Jheng	-	-	-	-
Director	Tong, Zi-Xian	200,000	0.04%	200,000	0.04%
Director	Guo, Ming-Dong	906,795	0.20%	521,795	0.12%
Director	Chen, He-Xu	351,002	0.08%	351,002	0.08%
Director	Asuspower Investment Co. Ltd.	55,556,221	12.32%	55,556,221	12.32%
	Representative: Zhang, Qian-Wei				
Director	Asustek Investment Co. Ltd.	58,233,091	12.92%	58,233,091	12.92%
	Representative: Hu, Gui-Qin				
Independent Director	Wu, Hui-Huang	-	-	-	-
Independent Director	Chen, Jin-Cai	-	-	-	-
Independent Director	Lee, Ming-Yu	-	-	-	-
Total		115,247,109	25.56%	114,862,109	25.48%

## Appendix V

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Other Explanation Item

The acceptance of the shareholders' proposals for the shareholders meeting this year:

1. According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a shareholders' general meeting.
2. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and more than one proposal or any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting.
3. The period for acceptance of shareholders' proposal: From March 21, 2022 to March 30, 2022; the information has been announced on the Market Observation Post System.
4. The Company did not receive any shareholders' proposal during the aforesaid period.