

Stock code : 3013

**uneec[®] CHENMING
ELECTRONIC TECH. CORP.**

(Formerly known as CHENMING MOLD IND. CORP.)

2022 Annual General Meeting

**Meeting Agenda
Handbook**

How to hold : Physical meeting

Date of meeting: June 17, 2022

Location: Grand Victoria Hotel (No.168, Jingye 4th Rd.,
Zhongshan Dist., Taipei City, Taiwan)

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Chenming Electronic Technology Corporation
Agenda of the 2022 Shareholders' Regular Meeting

Time of meeting: 9:00 a.m, June 17, 2022.

Location: Grand Victoria Hotel (No.168, Jingye 4th Rd., Zhongshan Dist., Taipei City, Taiwan)

One. Announcement of the Commencement of the Meeting.

Two. The Chairperson's Remarks

Three. Reporting Matters:

I. 2021 Business Report.

II. Audit Committee's review of the 2021 year-end accounts.

III. Report on the execution of private common share placement in 2022.

Four. Recognition Matters:

I. 2021 Business Report and financial statements.

II. 2021 loss reimbursement proposal.

Five. Discussion Matters:

I. Amendments to the Company's "Articles of Incorporation".

II. Amendments to the Company's "Procedure for Acquisition and Disposal of Assets".

Six. Extraordinary Motions.

Seven. Meeting Adjourned.

One. Announcement of the Commencement of the Meeting

Two. The Chairperson's Remarks

Three. Reporting Matters

Reporting Matter I (Proposed by the Board of Directors)

Subject: 2021 Business Report is submitted for review.

Explanation: Please refer to Attachment I for Business Report (Pages 10-11)

Reporting Matter II (Proposed by the Board of Directors)

Subject: Audit Committee's review of the 2021 year-end accounts; the motion is ready to proceed.

Explanation: Please refer to Attachment II for Audit Committee's Review Report (Page 12).

Reporting Matter III (Proposed by the Board of Directors)

Subject: Report on the execution of private common share placement in 2022; the motion is ready to proceed.

Explanation: (I) During the special shareholders meeting held on March 9, 2022, a resolution was passed to make a private placement of no more than 70,000,000 common shares for cash, for which the board of directors is authorized to execute in two placements within one year from the date of special shareholders meeting resolution.

(II) During the board of directors meeting held on March 10, 2022, a resolution was passed to issue 40,000,000 common shares at NT\$13.5 each. The cash issue was completed on March 14, 2022 and a sum of NT\$540,000,000 was raised. Change of capital registration was completed on March 23, 2022.

(III) For details on private securities placement and execution in 2022, please refer to Page 29 of this conference handbook. (Attachment IV)

Four. Recognition Matters

Recognition Matter I: (Proposed by the Board of Directors)

Subject: 2021 Business Report and financial statements.

Explanation: I. The Company has completed preparation of standalone and consolidated financial statements for 2021, and engaged CPA Michelle Wang and CPA Yen Hsing-Fu of KPMG to perform audit and issue independent auditor's report on the abovementioned financial statements.

II. Please refer to Attachment I~III of this Handbook for detail of the aforementioned Report and Statements. (Page 10-28).

III. This motion has been reviewed by the Audit Committee and approved by the board of directors, and is hereby presented for recognition during shareholders' regular meeting.

IV. Please kindly recognize.

Resolution:

Recognition Matter II: (Proposed by the Board of Directors)

Subject: 2021 loss reimbursement proposal.

Explanation: I. The Company had unappropriated retained earnings of NT\$328,886,799 at the beginning of 2021; after deducting current net loss of NT\$114,939,454 and making provision for special reserve totaling NT\$7,634,167, the Company had NT\$206,313,178 of earnings that were

available for distribution. No shareholder dividend was proposed for the current year. Please see the Loss Reimbursement Chart for details.

II. This motion has been reviewed by the Audit Committee and approved by the board of directors, and is hereby presented for recognition during shareholders' regular meeting.

III. Please kindly recognize.

Resolution:

Chenming Electronic Technology Corporation

2021 Loss Reimbursement Chart

Unit: NTD

Item	Amount
Beginning retained earnings	328,886,799
Less: current net loss	(114,939,454)
Less: provision for special reserve	(7,634,167)
Adjusted ending undistributed earnings	206,313,178
Distributable earnings	206,313,178
Items of distribution	
Dividend to shareholders – Cash dividend	0
Ending unappropriated earnings	206,313,178

Chairman: Lin Mu-Ho General Manager: Lo Chih-Chi Chief Accountant: Su Chung-Ching

Five. Discussion Matters:

Discussion I: (Proposed by the Board of Directors)

Subject: Amendments to the Company's "Articles of Incorporation."

Explanation: I. Amended "Articles of Incorporation" to accommodate the Company's operational requirements and for conformity with the latest amendments to Article 172-2 of The Company Act. A comparison of the changes made is presented below:

II. The motion is open for resolution.

Resolution:

The comparison table of the Articles of Incorporation

Amended clauses	Old Provision	Remarks
<p>Article V: The Company has aggregate total capital in an amount of <u>NT\$3 billion</u>, divided into <u>300 million shares</u> at Ten New Taiwan Dollars par value. The Board of Directors is bestowed with full power to issue the shares as necessary in installments.</p> <p>Within the total capital mentioned in the preceding Paragraph, a NT\$200 million sum shall be reserved ready for <u>issuance</u> of employee stock option certificates, preferred shares attached with warrants or corporate bonds attached with warrants in twenty million shares at Ten New Taiwan Dollars par value.</p>	<p>Article V: The Company has aggregate total capital in an amount of NT\$2.472 billion, divided into 247,200,000 shares at Ten New Taiwan Dollars par value. The Board of Directors is bestowed with full power to issue the shares as necessary in installments.</p> <p>Within the total capital mentioned in the preceding Paragraph, a NT\$200 million sum shall be reserved ready for issuance of employee stock option certificates, preferred shares attached with warrants or corporate bonds attached with warrants in twenty million shares at Ten New Taiwan Dollars par value.</p>	Amended total capital
<p>Article IX: The shareholders' meeting of the Company is in two categories, i.e., shareholders' meeting and special shareholders meeting. The shareholders' regular meeting shall be duly convened by the board of directors once per annum within six months from closing of each fiscal year. A special shareholders meeting shall be duly convened according to law whenever necessary.</p> <p><u>The Company may convene shareholder meetings by way of video conference or using other methods announced by the central authority.</u></p>	<p>Article IX: The shareholders' meeting of the Company is in two categories, i.e., shareholders' meeting and special shareholders meeting. The shareholders' regular meeting shall be duly convened by the board of directors once per annum within six months from closing of each fiscal year. A special shareholders meeting shall be duly convened according to law whenever necessary.</p>	Amended to conform with Article 172-2 of The Company Act
<p>Article XIII-I: Pursuant to Article 14-2 of Securities and Exchange Act, the Company has <u>seven to nine</u> directors, including at least two independent directors that make up no less than one-fifth of the board.</p> <p>In election of directors, each share is entitled to the electing power equivalent to the number of directors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the directors. The independent directors and non-independent directors shall be elected in the same package and the numbers of elected ones shall be calculated respectively.</p>	<p>Article XIII-I: Pursuant to Article 14-2 of Securities and Exchange Act, the Company has seven directors, including at least two independent directors that make up no less than one-fifth of the board. In election of directors, each share is entitled to the electing power equivalent to the number of directors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the directors. The independent directors and non-independent directors shall be elected in the same package and the numbers of elected ones shall be calculated respectively.</p>	Amended director seats
<p>Article 21.</p> <p>These Articles were enacted on June 4, 1976.</p> <p>1st amendments hereto were made on July 20, 1976.</p> <p>2nd amendments hereto were made on January 10, 1977.</p> <p>3rd amendments hereto were made on June 26, 1982.</p> <p>4th amendments hereto were made on July 12, 1985.</p> <p>5th amendments hereto were made on April 6, 1987.</p> <p>6th amendments hereto were made on October 8, 1992.</p> <p>7th amendments hereto were made on October 28, 1997.</p> <p>8th amendments hereto were made on January 7, 1998.</p> <p>9th amendments hereto were made on June 30, 1998.</p> <p>10th amendments hereto were made on June 20, 1999.</p> <p>11th amendments hereto were made on May 24, 2000.</p> <p>12th amendments hereto were made on May 16, 2001.</p> <p>13th amendments hereto were made on May 20, 2002.</p>	<p>Article 21.</p> <p>These Articles were enacted on June 4, 1976.</p> <p>1st amendments hereto were made on July 20, 1976.</p> <p>2nd amendments hereto were made on January 10, 1977.</p> <p>3rd amendments hereto were made on June 26, 1982.</p> <p>4th amendments hereto were made on July 12, 1985.</p> <p>5th amendments hereto were made on April 6, 1987.</p> <p>6th amendments hereto were made on October 8, 1992.</p> <p>7th amendments hereto were made on October 28, 1997.</p> <p>8th amendments hereto were made on January 7, 1998.</p> <p>9th amendments hereto were made on June 30, 1998.</p> <p>10th amendments hereto were made on June 20, 1999.</p>	To add the date of amendment.

Amended clauses	Old Provision	Remarks
14th amendments hereto were made on March 10, 2003. 15th amendments hereto were made on June 6, 2003. 16th amendments hereto were made on June 11, 2004. 17th amendments hereto were made on June 10, 2005. 18th amendments hereto were made on June 15, 2007. 19th amendments hereto were made on June 13, 2008. 20th amendments hereto were made on June 10, 2009. 21st amendments hereto were made on June 9, 2010. 22nd amendments hereto were made on June 10, 2011. 23rd amendments hereto were made on June 17, 2016. 24th amendments hereto were made on June 13, 2018. 25th amendments hereto were made on June 14, 2019. 26th amendments hereto were made on June 12, 2020. 27th amendments hereto were made on June 17, 2022.	11th amendments hereto were made on May 24, 2000. 12th amendments hereto were made on May 16, 2001. 13th amendments hereto were made on May 20, 2002. 14th amendments hereto were made on March 10, 2003. 15th amendments hereto were made on June 6, 2003. 16th amendments hereto were made on June 11, 2004. 17th amendments hereto were made on June 10, 2005. 18th amendments hereto were made on June 15, 2007. 19th amendments hereto were made on June 13, 2008. 20th amendments hereto were made on June 10, 2009. 21st amendments hereto were made on June 9, 2010. 22nd amendments hereto were made on June 10, 2011. 23rd amendments hereto were made on June 17, 2016. 24th amendments hereto were made on June 13, 2018. 25th amendments hereto were made on June 14, 2019. 26th amendments hereto were made on June 12, 2020.	

Issue for discussion No. II: (Proposed by the Board of Directors)

Subject: Amendments to the Company's "Procedures for the Acquisition or Disposal of Assets."

Explanation: I. Amendments to the Company's "Procedures for the Acquisition or Disposal of Assets" have been proposed according to the Financial Supervisory Commission's instructions issued in Letter No. Jin-Guan-Zheng-Fa-1110380465 dated January 28, 2022. Below is a comparison of changes made:

II. The motion is open for resolution.

Resolution:

Chenming Electronic Technology Corporation Procedures for the Acquisition or Disposal of Assets

Comparison of amendments

Amended clauses	Existing clauses	Explanation
<p>Article XXV For any valuation report or opinion statement obtained from CPA, lawyer, or securities underwriter, the valuation firm, valuer, CPA, lawyer, or securities underwriter must satisfy the following requirements: (Omitted) III. In situations where the Company is required to obtain valuation reports from two or more professional valuers, the valuation firms or valuers shall not be related in any way. The abovementioned personnel shall follow <u>self-discipline rules of their respective associations and</u> the principles below when issuing valuation reports or opinions: (Omitted) II. <u>When executing cases,</u></p>	<p>Article XXV For any valuation report or opinion statement obtained from CPA, lawyer, or securities underwriter, the valuation firm, valuer, CPA, lawyer, or securities underwriter must satisfy the following requirements: (Omitted) III. In situations where the Company is required to obtain valuation reports from two or more professional valuers, the valuation firms or valuers shall not be related in any way. The abovementioned personnel shall follow the principles below when issuing valuation reports or opinions: (Omitted) II. For audit cases, make</p>	<p>Amended to conform with Article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended clauses	Existing clauses	Explanation
<p>make appropriate plans and procedures, and execute accordingly to form conclusions, reports, or opinions; complete all relevant worksheets with details on the executed procedures, the collected data, and the final conclusion.</p> <p>III. Evaluate the <u>appropriateness</u> and rationality of the data, parameters, and information used to issue a valuation report or opinion.</p> <p>IV. Issue declarations on the professionalism and independence of relevant personnel, the <u>appropriateness and</u> rationality of information used, and compliance-related matters.</p>	<p>appropriate plans and procedures, and execute accordingly to form conclusions, reports, or opinions; complete all relevant worksheets with details on the executed procedures, the collected data, and the final conclusion.</p> <p>III. Evaluate the <u>completeness, correctness,</u> and rationality of the data, parameters, and information used to issue a valuation report or opinion.</p> <p>IV. Issue declarations on the professionalism and independence of relevant personnel, the <u>correctness and</u> rationality of information used, and compliance-related matters.</p>	
<p>Article VI Except for transactions with domestic government agency and transactions that involve commissioned development of purchased land, commissioned development of leased land, and acquisition/disposal of equipment or right-of-use assets thereof relevant to business operations, all other acquisitions and disposals of property and equipment or right-of-use asset thereof amounting to 20% of the Company's paid-in capital or NT\$ 300 million and above shall be supported with valuation reports issued by professional valuers prior to the date of occurrence. These transactions shall also comply with the following rules: (Omitted)</p> <p>III. If valuation concluded by the professional valuer exhibits any of the following, a certified public accountant must be engaged to provide opinions with regards to the discrepant values and appropriateness of the transaction price unless the valued price is higher than the price of asset</p>	<p>Article VI Except for transactions with domestic government agency and transactions that involve commissioned development of purchased land, commissioned development of leased land, and acquisition/disposal of equipment or right-of-use assets thereof relevant to business operations, all other acquisitions and disposals of property and equipment or right-of-use asset thereof amounting to 20% of the Company's paid-in capital or NT\$ 300 million and above shall be supported with valuation reports issued by professional valuers prior to the date of occurrence. These transactions shall also comply with the following rules: (Omitted)</p> <p>III. If valuation concluded by the professional valuer exhibits any of the following, a certified public accountant must be engaged to provide opinions with regards to the discrepant values and appropriateness of the transaction price <u>in accordance with Statement on Auditing</u></p>	<p>Amended to conform with Article 9 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended clauses	Existing clauses	Explanation
<p>acquired or lower than the price of asset sold:</p> <p>(Omitted)</p>	<p><u>Standards No. 20 published by the Accounting Research and Development Foundation of the Republic of China (ARDF)</u>, unless the valued price is higher than the price of asset acquired or lower than the price of asset sold:</p> <p>(Omitted)</p>	
<p>Article III (II) Where the Company acquires or disposes of negotiable securities, the Company shall obtain the financial statements duly audited and certified by independent Certified Public Accountant or other data concerned of the target company in the latest term for reference in the transaction price before the date of fact occurrence. Where the Company acquires or disposes of negotiable securities, private placement securities, membership certificates, intangible assets and right-of-use assets thereof not traded in the centralized securities exchanges or over-the-counter exchange with transaction amount up to 20% of the Company's paid-in capital or NT\$300 million, the Company shall consult the independent Certified Public Accountant to offer opinions on the rationality, unless the counterparty is a domestic government institution. However, this requirement does not apply to securities that are openly quoted in an active market or in circumstances where the Financial Supervisory Commission (FSC) has regulated otherwise.</p>	<p>Article III (II) Where the Company acquires or disposes of negotiable securities, the Company shall obtain the financial statements duly audited and certified by independent Certified Public Accountant or other data concerned of the target company in the latest term for reference in the transaction price before the date of fact occurrence. Where the Company acquires or disposes of negotiable securities, private placement securities, membership certificates, intangible assets and right-of-use assets thereof not traded in the centralized securities exchanges or over-the-counter exchange with transaction amount up to 20% of the Company's paid-in capital or NT\$300 million, the Company shall consult the independent Certified Public Accountant to offer opinions on the rationality, unless the counterparty is a domestic government institution. <u>Where the independent Certified Public Accountant has to adopt expert reports, the issue shall be duly handled in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF, Republic of China.</u></p>	<p>Amended to conform with Article 10 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
<p>Article 11 Where the Company intends to acquire or dispose of real estate or the right-of-use assets thereof from or to a related party, or where the Company intends to acquire or dispose of assets other than real estate or the right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of</p>	<p>Article 11 Where the Company intends to acquire or dispose of real estate or the right-of-use assets thereof from or to a related party, or where the Company intends to acquire or dispose of assets other than real estate or the right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of</p>	<p>Amended to conform with Article 15 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended clauses	Existing clauses	Explanation
<p>domestic government bonds or bonds under repurchase, resale agreement (repo and reverse repo), subscription to or repurchase of money market funds issued by domestic securities investment trust enterprises, the unit in enforcement shall not proceed to enter into a transaction contract or make a payment until the following documents have been approved and acknowledged by the Board of Directors:</p> <p>(Omitted)</p> <p>(VII) The restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>Any of the following transactions taking place between the Company and its subsidiary, or between subsidiaries in which the Company has 100% shareholding or capital contribution, may be carried out at the discretion of the Chairman, subject to board of directors' prior authorization under Subparagraph 3, Paragraph 1, Article 7 and up to a certain limit, and raised for acknowledgment during the upcoming board meeting:</u></p> <p><u>I. Acquisition or disposal of operating equipment or right-of-use assets thereof.</u></p> <p><u>II. Acquisition or disposal of operating real estate or right-of-use assets thereof.</u></p> <p><u>If the Company has appointed independent directors in accordance with the Act, independent directors' opinions shall be fully taken into consideration when the transaction is proposed for discussion among the board of directors in accordance with Paragraph 1. Any objections or reservations expressed by independent directors shall be detailed in board meeting minutes.</u></p> <p><u>If an Audit Committee has been established in accordance with the Act, the decision shall be supported by more than half of Audit Committee members and raised for board of directors' resolution. Paragraphs 4 and 5,</u></p>	<p>domestic government bonds or bonds under repurchase, resale agreement (repo and reverse repo), subscription to or repurchase of money market funds issued by domestic securities investment trust enterprises, the unit in enforcement shall not proceed to enter into a transaction contract or make a payment until the following documents have been approved and acknowledged by the Board of Directors:</p> <p>(Omitted)</p> <p>(VII) The restrictive covenants and other important stipulations associated with the transaction.</p> <p>(Added)</p>	

Amended clauses	Existing clauses	Explanation
<p><u>Article 6 shall apply mutatis mutandis in this case.</u></p> <p><u>Should the Company or any of its subsidiaries that is not a domestic public company undertake any of the transactions described in Paragraph 1 for an amount exceeding 10% of the Company's total assets, the Company shall present all information listed in Paragraph 1 for approval during shareholder meeting before proceeding with contract signing and payment. This requirement does not apply to transactions between the Company and its subsidiary.</u></p> <p><u>Calculations for the transaction amounts mentioned in Paragraph 1 and the preceding Paragraph shall comply with Paragraph 2, Article V. The one-year time frame mentioned herein shall date back from the date of occurrence. Transactions that have already been approved during shareholder meeting, passed by the board of directors, and acknowledged by the Audit Committee can be excluded.</u></p>		
<p>Article V Asset acquisitions and disposals that involve any of the following shall be announced and reported within two days of occurrence over the website designated by FSC using the prescribed format: (Omitted)</p> <p>IV. An event while a financial institution disposes of creditor's right or investment in Mainland China in a transaction other than those set forth under three preceding Paragraphs, with amount of transaction up to 20% of the Company's paid-in capital or an amount of NT\$300 million. Except, nevertheless, a situation among those enumerated below:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds that have a credit rating no less than the sovereign rating of Taiwan.</u></p>	<p>Article V Asset acquisitions and disposals that involve any of the following shall be announced and reported within two days of occurrence over the website designated by FSC using the prescribed format: (Omitted)</p> <p>IV. An event while a financial institution disposes of creditor's right or investment in Mainland China in a transaction other than those set forth under three preceding Paragraphs, with amount of transaction up to 20% of the Company's paid-in capital or an amount of NT\$300 million. Except, nevertheless, a situation among those enumerated below:</p> <p>(1) Trading of domestic government bonds.</p>	<p>Amended to conform with Article 31 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Six. Extraordinary Motions

Seven. Meeting Adjourned.

Chenming Electronic Technology Corporation
2021 Business Report

Outbreak of COVID-19 continued to impact the world in 2021, bringing uncertainties to economic activities. A global rise in the cost of raw materials, labor, and transportation has altered the cost structure and profitability of the Company's products, which Chenming responded by making versatile production and sales arrangements and applying more rigorous cost controls throughout 2021 in an attempt to gain a competitive advantage on the market. In the future, Chenming will continue observing market trends while adopting automated production and smart process management solutions to further improve production efficiency, product quality, and overall competitiveness. In light of emerging trends such as AI, 5G, IoT, and cloud-based services, Chenming will be undergoing aggressive digital transformation as a means to increase revenues, asset size, and profits in shareholders' favor. The following is a report of the Company's 2021 business performance and outlooks for 2022:

Business performance and R&D outcome for 2021

The Company generated net consolidated revenues totaling NT\$5,284,564,000 in 2021, down 13.7% from the NT\$6,124,518,000 reported in 2020, and concluded a net loss of -NT\$114,939,000 for 2021. In the coming year, the Company will continue adhering to its principles of pragmatism and grow businesses amidst intensive competition.

R&D outcomes

- (1) Completed development of design and sample for 2U&3U Edge Server.
- (2) Completed development of outdoor server cabinet and sample testing.
- (3) Completed MIM process for continuous furnace production of non-magnetic stainless steel (X2CrNi19-11).
- (4) Completed MIM process for continuous furnace production of case-hardened steel (ferronickel alloy).
- (5) Completed MIM process for thin metallic fan blades.
- (6) Completed development of passive heatsink: 1U & 2U for Intel SOCKET LGA2011/3647/4189 and AMD SOCKET SP3.
- (7) Completed development of active heatsink: 2U for Intel SOCKET LGA2011/3647 and AMD SOCKET SP3.
- (8) Completed development of active heatsink: 4U for Intel SOCKET LGA2011/3647.
- (9) Acquired R.O.C. patent: M609223 - form with nitriding layer.
- (10) Acquired R.O.C. patent: I726451 - preparation method for nitriding layer and form thereof.
- (11) Acquired R.O.C. patent: M612723 - lamellar structure of composite materials.

2022 business prospect and R&D plans

As AI, IoT, and cloud server industries mature, Chenming will apply its strong advantages in terms of resource integration and distribution network to explore further success in fields such as cloud server and data center, AI, IoT, and 5G. The Company will also take the initiative to adopt Industry 4.0 and smart production, using automated equipment and physical as well as virtual platforms to assist in the creation of highly efficient logistics and management systems for more rapid service delivery and cost saving. By incorporating smart manufacturing and new technologies, the Company strives to ensure the sustainability of its growth.

R&D plan

- (1) Research, design, and development of Gaming PC.
- (2) Research, design, and development of Fanless Case.
- (3) Ongoing development of manufacturing process for hydroxyapatite (HAP).
- (4) Ongoing development of continuous furnace production for cobalt-based alloy F75 (Co-28Cr-6Mo), and MIM process involving continuous furnace.
- (5) Development of MIM process for continuous furnace production of HK30.
- (6) Development of MIM process for continuous furnace production of Nitronic60.
- (7) Development of heatsinks (LGA4677) for Intel's latest server system - Eagle Stream.

Given the world-wide adoption of new technologies such as smart manufacturing, smart factory, IoT, AI, big data, cloud computing, cybersecurity, and 5G, production and sale of consumer electronic parts and IT products still exhibit immense potentials in the future. The Company will keep aiming at intelligence, innovation, technological application, industrial evolution and cloud computing to upgrade its competitiveness and control the market opportunity.

By continuously improving the R&D, technology, quality and design ability to satisfy the trend for diversified products, sustain the steady and positive development for any competition from the industry in the future. We will endeavor for the sound corporate governance, implementation of corporate social responsibility and enhancement of shareholders' interests as a return of shareholders' supports and expectation.

Chairman: Lin Mu-Ho

General Manager: Lo Chih-Chi
Chung-Ching

Chief Accountant: Su

Chenming Electronic Technology Corporation Audit Committee's Review Report

We have reviewed the Company's 2021 business report, financial statements, and loss reimbursement proposal prepared by the board of directors. The financial statements have been audited by CPA Michelle Wang and CPA Yen Hsing-Fu of KPMG, to which the firm issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, financial statements, or loss reimbursement, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For:
2022 Shareholders' Regular Meeting

Audit Committee convener: Chen Hung-Chang

March 4, 2022

Attachment III

Representation Letter

The entities that are required to be included in the combined financial statements of Chenming Electronic Technology Corp. as of and for the year ended December 31, 2021 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 International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chenming Electronic Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chenming Electronic Technology Corp.

Chairman: Lin, Mu-Ho

Date: March 4, 2022

Independent Auditors' Report

1.To the Board of Directors of CHENMING ELECTRONIC TECHNOLOGY CORP.:

2.

Opinion

We have audited the consolidated financial statements of CHENMING ELECTRONIC TECHNOLOGY CORP. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the 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 Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Inventory valuation

Please refer to Note(4)(h) and Note(5) for accounting policy of uncertainty of the valuation of inventory. Information of inventories and related expenses is disclosed in note (6)(c) of the consolidated financial statements.

Description of key audit matters:

Due to the impact of product life cycle and customized design in electronics industry, the price variability for the inventories of the Group are expected to change. Therefore, the test of inventory valuation is one of the significant evaluation in our audit procedures.

Our principal audit procedure included: testing the related controls of production cycle and assessing the allowance for loss due to price decline, analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to verify the rationality of assessment on the allowance estimated by the management of the Group.

Other Matter

CHENMING ELECTRONIC TECHNOLOGY CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Yi Wen Wang and Hsin Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
March 4, 2022

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (note (6)(a))	\$ 222,648	3	366,138	7			\$ 1,030,771	15	296,960	6
1170	Trade receivables, net (notes (6)(b) and (p))	2,199,511	31	1,735,973	35	2100	Short-term loans (note (6)(h))	674	-	615	-
1310	Inventories, net (note (6)(c))	1,360,682	19	966,616	20	2130	Current contract liabilities (note (6)(p))	1,965,398	27	1,260,274	25
1476	Other current financial assets	1,182	-	22,738	-	2170	Trade payables	257,855	4	274,570	6
1479	Other current assets	83,984	1	63,485	2	2200	Other payables	33,216	-	24,208	-
		<u>3,868,007</u>	<u>54</u>	<u>3,154,950</u>	<u>64</u>	2220	Other payables-related parties (notes (6)(d) and (7))	526	-	4,704	-
						2230	Current tax liabilities	6,690	-	5,448	-
Non-current assets:											
1600	Property, plant, and equipment (notes (6)(e) and (8))	2,812,920	39	1,315,813	27	2280	Current lease liabilities (note (6)(j))	585	-	553	-
1755	Right-of-use assets (note (6)(f))	224,544	3	238,573	5	2300	Other current liabilities	<u>3,295,715</u>	<u>46</u>	<u>1,867,332</u>	<u>37</u>
1760	Investment property, net (notes (6)(g) and (8))	195,162	3	196,399	4	Non-current liabilities:					
1780	Intangible assets	14,084	-	2,653	-	2540	Long-term loans (note (6)(i))	1,663,458	23	622,000	13
1840	Deferred income tax assets (note (6)(m))	5,780	-	3,021	-	2580	Non-current lease liabilities (note (6)(j))	2,936	-	6,297	-
1980	Other non-current financial assets (note (8))	20,463	-	26,598	-	2645	Guarantee deposits	8,062	-	8,054	-
1990	Other non-current assets	70,942	1	26,032	-			<u>1,674,456</u>	<u>23</u>	<u>636,351</u>	<u>13</u>
		<u>3,343,895</u>	<u>46</u>	<u>1,809,089</u>	<u>36</u>			<u>4,970,171</u>	<u>69</u>	<u>2,503,683</u>	<u>50</u>
						Total liabilities					
						Equity attributable to owners of parent (note (6)(n)):					
						3100	Ordinary shares	1,559,350	22	1,559,350	31
						3200	Capital surplus	173,563	2	131,819	3
						3300	Retained earnings	575,472	8	737,192	15
						3410	Exchange differences on translation of foreign financial statements	(66,654)	(1)	(59,020)	(1)
							Total equity attributable to owners of parent	<u>2,241,731</u>	<u>31</u>	<u>2,369,341</u>	<u>48</u>
						36XX	Non-controlling interests	-	-	91,015	2
							Total equity	<u>2,241,731</u>	<u>31</u>	<u>2,460,356</u>	<u>50</u>
							Total liabilities and equity	<u>\$ 7,211,902</u>	<u>100</u>	<u>\$ 4,964,039</u>	<u>100</u>
								<u>7,211,902</u>	<u>100</u>	<u>4,964,039</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent						Other component of equity Exchange differences on translation of foreign financial statements	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings					
			Legal reserve	Special reserve	Unappropriated retained earnings						
Balance on January 1, 2020	\$ 1,629,350	82,967	284,492	45,219	407,034	736,745	(81,209)	(49,810)	2,318,043	189,548	2,507,591
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	13,290	-	(13,290)	-	-	-	-	-	-
Special reserve	-	-	-	35,990	(35,990)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(46,781)	(46,781)	-	-	(46,781)	-	(46,781)
Profit for the year ended December 31, 2020	-	-	-	-	62,798	62,798	-	-	62,798	17,378	80,176
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(612)	(612)	22,189	-	21,577	(3,235)	18,342
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	62,186	62,186	22,189	-	84,375	14,143	98,518
Purchase of treasury shares	-	-	-	-	-	-	-	(38,712)	(38,712)	-	(38,712)
Retirement of treasury shares	(70,000)	(3,564)	-	-	(14,958)	(14,958)	-	88,522	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	52,416	-	-	-	-	-	-	52,416	-	52,416
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(112,676)	(112,676)
Balance on December 31, 2020	1,559,350	131,819	297,782	81,209	358,201	737,192	(59,020)	-	2,369,341	91,015	2,460,356
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	4,723	-	(4,723)	-	-	-	-	-	-
Special reserve	-	-	-	(22,189)	22,189	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(46,781)	(46,781)	-	-	(46,781)	-	(46,781)
Profit (loss) for the year ended December 31, 2021	-	-	-	-	(114,939)	(114,939)	-	-	(114,939)	168	(114,771)
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	(7,634)	-	(7,634)	(1,023)	(8,657)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	(114,939)	(114,939)	(7,634)	-	(122,573)	(855)	(123,428)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	41,744	-	-	-	-	-	-	41,744	-	41,744
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(90,160)	(90,160)
Balance on December 31, 2021	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	-	2,241,731	-	2,241,731

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (119,591)	108,748
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	291,375	209,414
Amortization expense	8,324	1,718
Expected credit losses (gains)	(36)	167
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(95)	(124)
Interest expenses	17,778	10,308
Interest income	(1,741)	(1,474)
Losses on disposal of property, plant and equipment, net	4,683	9,816
Other	1,657	252
Total adjustments to reconcile profit (loss)	321,945	230,077
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(1,500)	-
Decrease (increase) in accounts receivable	(467,570)	325,228
Decrease (increase) in inventories	(395,267)	10,700
Decrease (increase) in other current assets	(20,500)	11,461
Decrease (increase) in other financial assets	(1,182)	743
Decrease in defined benefit plan assets	-	22,746
Increase (decrease) in contract liabilities	59	(606)
Increase (decrease) in trade payables	707,554	(126,014)
Increase (decrease) in other payables and other current liabilities	10,414	(27,953)
Total changes in operating assets and liabilities	(167,992)	216,305
Total adjustments	153,953	446,382
Cash inflow generated from (used in) operations	34,362	555,130
Interest received	1,741	1,474
Income taxes refund (paid)	20,425	(79,019)
Net cash flows from (used in) operating activities	56,528	477,585
Cash flows from (used in) investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	-	(4,500)
Proceeds from disposal of financial assets designated at fair value through profit or loss	1,595	4,624
Acquisition of property, plant, and equipment	(1,771,879)	(488,567)
Increase in prepayment for business facilities	(68,589)	(25,832)
Decrease (increase) in refundable deposits	6,135	(2,176)
Acquisition of intangible assets	(19,752)	(2,981)
Net cash flows from (used in) investing activities	(1,852,490)	(519,432)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	733,811	(93,040)
Increase in long-term loans	1,523,458	638,000
Decrease in long-term loans	(482,000)	(322,000)
Increase (decrease) in guarantee deposits	8	363
Payment of lease liabilities	(13,273)	(14,134)
Distribution of cash dividends	(46,781)	(46,781)
Payments to acquire treasury shares	-	(38,712)
Interest paid	(16,982)	(10,092)
Acquisition of non-controlling interests	(39,192)	(61,835)
Net cash flows from (used in) financing activities	1,659,049	51,769
Effect of exchange rate changes on cash and cash equivalents	(6,577)	7,605
Net increase (decrease) in cash and cash equivalents	(143,490)	17,527
Cash and cash equivalents at beginning of period	366,138	348,611
Cash and cash equivalents at end of period	\$ 222,648	366,138

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

3.To the Board of Directors of CHENMING ELECTRONIC TECHNOLOGY CORP.:

4.

Opinion

We have audited the financial statements of CHENMING ELECTRONIC TECHNOLOGY CORP.(“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, and the statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the CHENMING ELECTRONIC TECHNOLOGY CORP. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

The share of profit (loss) of associates and joint ventures accounted for using equity method - Subsidiary' s Inventory valuation

Please refer to Note (4)(g) and Note (5) for accounting policy of uncertainty of the valuation of inventory from using equity method - subsidiary. Information of the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method - subsidiary' s inventory valuation is disclosed in notes (6)(c) of the consolidated financial statements.

Description of key audit matters:

Due to the impact of product life cycle and customized design in electronics industry, the price variability for the inventories of the Company are expected to change. Therefore, the test of the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary' s inventory valuation is one of the significant evaluation in our audit procedures.

Audit Procedure:

Our principal audit procedure included: testing the related controls of subsidiary' s production cycle and assessing the allowance for loss due to price decline, as well as obsolete and slow moving inventories, to determine whether they are in compliance with the Company's accounting policies; inspecting the inventory aging statement; analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to verify the rationality of assessment on the allowance estimated by the management of the Company.

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

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

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Company' s financial reporting process.

Auditor' s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 safeguard.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Yi Wen Wang and Hsin Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2022

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 92,391	2	72,725	2	2100	Short-term loans (note (6)(h))	\$ 799,200	15	296,960	8
1170	Trade receivables, net (note (6)(b) and (p))	1,098,258	20	689,481	18	2170	Notes and trade payables	7,888	-	2,817	-
1310	Inventories, net (note (6)(c))	2,317	-	5,633	-	2180	Trade payables to related parties (note (7))	606,214	11	589,420	15
1479	Other current assets	5,934	-	1,241	-	2230	Current tax liabilities	526	-	4,704	-
		<u>1,198,900</u>	<u>22</u>	<u>769,080</u>	<u>20</u>	2200	Other payables	38,737	1	43,880	1
Non-current assets:						2280	Current lease liabilities (note (6)(j))	3,093	-	3,147	-
1550	Investments accounted for using equity method, net(note (6)(d))	2,188,565	41	2,238,772	57	2300	Other current liabilities	448	-	474	-
1600	Property, plant, and equipment (notes (6)(e) and (8))	1,727,973	33	709,658	18			<u>1,456,106</u>	<u>27</u>	<u>941,402</u>	<u>24</u>
1755	Right-of-use assets (note (6)(f))	4,335	-	7,500	-	Non-Current liabilities:					
1760	Investment property, net (note (6)(g) and (8))	195,162	4	196,399	5	2540	Long-term loans (note (6)(i))	1,640,000	31	622,000	16
1840	Deferred income tax assets (note (6)(m))	1,705	-	3,021	-	2580	Non-current lease liabilities (note (6)(j))	1,292	-	4,385	-
1980	Other non-current financial assets	3,044	-	3,038	-	2645	Guarantee deposits	3,530	-	3,270	-
1990	Other non-current assets	22,975	-	12,930	-			<u>1,644,822</u>	<u>31</u>	<u>629,655</u>	<u>16</u>
		<u>4,143,759</u>	<u>78</u>	<u>3,171,318</u>	<u>80</u>		Total liabilities	<u>3,100,928</u>	<u>58</u>	<u>1,571,057</u>	<u>40</u>
Total assets		\$ 5,342,659	100	3,940,398	100	Equity attributable to owners of parent (note (6)(n)):					
						3100	Ordinary shares	1,559,350	29	1,559,350	40
						3200	Capital surplus	173,563	3	131,819	3
						3300	Retained earnings	575,472	11	737,192	19
						3410	Exchange differences on translation of foreign financial statements	(66,654)	(1)	(59,020)	(2)
							Total equity	<u>2,241,731</u>	<u>42</u>	<u>2,369,341</u>	<u>60</u>
							Total liabilities and equity	\$ 5,342,659	100	3,940,398	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		<u>2021</u>		<u>2020</u>	
		Amount	%	Amount	%
4000	Operating revenue(note (6)(p))	\$ 2,928,076	100	2,771,049	100
5000	Operating costs (note (6)(c) and (7))	<u>2,779,555</u>	95	<u>2,573,785</u>	93
5900	Gross profit from operations	<u>148,521</u>	5	<u>197,264</u>	7
6000	Operating expenses (note (6)(l) , (7) and (12)):				
6100	Selling expenses	29,475	1	29,569	1
6200	Administrative expenses	81,890	3	73,715	3
6300	Research and development expenses	<u>22,639</u>	1	<u>21,647</u>	1
		<u>134,004</u>	5	<u>124,931</u>	5
6900	Net operating income	<u>14,517</u>	-	<u>72,333</u>	2
7000	Non-operating income and expenses:				
7050	Finance costs, net (note (6)(j))	(14,680)	-	(9,755)	-
7100	Interest income	369	-	423	-
7110	Rent revenue (note (6)(k) and (7))	14,464	-	13,312	-
7190	Other income (note (7))	4,323	-	4,648	-
7230	Foreign exchange gains (losses), net	(9,628)	-	(43,432)	(2)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	<u>(122,535)</u>	(4)	<u>33,641</u>	1
		<u>(127,687)</u>	(4)	<u>(1,163)</u>	(1)
7900	Profit (loss) from continuing operations before tax	(113,170)	(4)	71,170	1
7951	Less: Income tax expenses (note (6)(m))	<u>1,769</u>	-	<u>8,372</u>	-
	Profit (loss)	<u>(114,939)</u>	(4)	<u>62,798</u>	1
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	-	-	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(m))	<u>-</u>	-	<u>612</u>	-
		<u>-</u>	-	<u>(612)</u>	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(7,634)	-	22,189	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	-	<u>-</u>	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(7,634)</u>	-	<u>22,189</u>	1
8300	Other comprehensive income (loss)	<u>(7,634)</u>	-	<u>21,577</u>	1
8500	Comprehensive income (loss)	<u>\$ (122,573)</u>	(4)	<u>\$ 84,375</u>	2
	Earnings per share (expressed in dollars) (note (6)(o)):				
9750	Basic earnings per share	<u>\$ (0.74)</u>		<u>\$ 0.40</u>	
9850	Diluted earnings per share	<u>\$ (0.74)</u>		<u>\$ 0.40</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings	Other components of equity Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings				
Balance at January 1, 2020	\$ 1,629,350	82,967	284,492	45,219	407,034	736,745	(81,209)	(49,810)	2,318,043
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	13,290	-	(13,290)	-	-	-	-
Special reserve	-	-	-	35,990	(35,990)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(46,781)	(46,781)	-	-	(46,781)
Profit for the year ended December 31, 2020	-	-	-	-	62,798	62,798	-	-	62,798
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(612)	(612)	22,189	-	21,577
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	62,186	62,186	22,189	-	84,375
Purchase of treasury shares	-	-	-	-	-	-	-	(38,712)	(38,712)
Retirement of treasury share	(70,000)	(3,564)	-	-	(14,958)	(14,958)	-	88,522	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	52,416	-	-	-	-	-	-	52,416
Balance at December 31, 2020	1,559,350	131,819	297,782	81,209	358,201	737,192	(59,020)	-	2,369,341
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	4,723	-	(4,723)	-	-	-	-
Special reserve	-	-	-	(22,189)	22,189	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(46,781)	(46,781)	-	-	(46,781)
Profit (loss) for the year ended December 31, 2021	-	-	-	-	(114,939)	(114,939)	-	-	(114,939)
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	(7,634)	-	(7,634)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	(114,939)	(114,939)	(7,634)	-	(122,573)
Other changes in capital surplus:									
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	41,744	-	-	-	-	-	-	41,744
Balance at December 31, 2021	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	-	2,241,731

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (113,170)	71,170
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,661	6,449
Amortization expense	1,030	740
Expected credit loss (gain)	364	(95)
Interest expense	14,680	9,755
Interest income	(369)	(423)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	<u>122,535</u>	<u>(33,641)</u>
Total adjustments to reconcile profit (loss)	<u>145,901</u>	<u>(17,215)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(409,141)	212,620
Decrease in inventories	3,316	10,521
Decrease (increase) in other current assets	(4,693)	3,276
Increase in notes and trade payables (including related parties)	21,865	83,740
Decrease in other payables and other current liabilities	(5,974)	(10,044)
Decrease (increase) in net defined benefit plan assets	-	22,746
Other	<u>9</u>	<u>121</u>
Total changes in operating assets and liabilities	<u>(394,618)</u>	<u>322,980</u>
Total adjustments	<u>(248,717)</u>	<u>305,765</u>
Cash inflow generated from (used in) operations	(361,887)	376,935
Interest received	369	423
Income taxes paid	<u>(4,631)</u>	<u>(22,973)</u>
Net cash flows from (used in) operating activities	<u>(366,149)</u>	<u>354,385</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(38,218)	(60,598)
Acquisition of property, plant and equipment	(1,010,050)	(403,609)
Acquisition of intangible assets	(1,523)	(797)
Increase in prepayments for business facilities	(21,076)	(12,332)
Other	<u>(6)</u>	<u>(1,568)</u>
Net cash flows from (used in) investing activities	<u>(1,070,873)</u>	<u>(478,904)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	502,240	(93,040)
Increase in long-term debt	1,500,000	638,000
Repayments of long-term debt	(482,000)	(322,000)
Payment of lease liabilities	(3,147)	(2,134)
Distribution in cash dividends	(46,781)	(46,781)
Payments to acquire treasury shares	-	(38,712)
Interest paid	(13,884)	(9,538)
Other	<u>260</u>	<u>-</u>
Net cash flows from (used in) financing activities	<u>1,456,688</u>	<u>125,795</u>
Net increase in cash and cash equivalents	19,666	1,276
Cash and cash equivalents at beginning of period	<u>72,725</u>	<u>71,449</u>
Cash and cash equivalents at end of period	<u><u>\$ 92,391</u></u>	<u><u>72,725</u></u>

See accompanying notes to financial statements.

Attachment IV

Private securities placement and execution in 2022

Item	2022 first private placement (Note 1) Issuance date: April 7, 2022
Type of privately placed securities	common shares
Date of shareholder meeting approval and amount approved	March 9, 2022; to issue up to 70,000,000 common shares.
Pricing basis and rationality	<p>Reference price for this private placement of common shares will be determined based on the higher between: the arithmetic average closing price of common share 1, 3, or 5 business days prior to the pricing date, less stock and cash dividends while adding back share price after reversing the effect of capital reduction; or the arithmetic average closing price of common share 30 business days prior to the pricing date, less stock and cash dividends while adding back share price after reversing the effect of capital reduction. This private placement of common shares shall be priced according to the regulations of the authority. A special shareholders meeting will be convened to authorize the board of directors to determine the final pricing date and the price of private placement depending on the availability of potential subscribers and the prevailing market condition. The private placement should not be priced below 80% of the reference price mentioned above; if there is a need to price the private placement of common shares before face value on a later date due to change in market conditions, the price shall be determined in such a way that complies with laws and reflects the market condition, to the extent that is necessary and reasonable. If the pricing method for this private placement of common shares, as described above, concludes a subscription price that is lower than the face value of shares and results in cumulative losses, the Company will, depending on business performance and market condition, attempt to cover such losses by way of capital reduction or using earnings or capital reserve, which should not adversely impact shareholders' equity.</p>
Selection of specific subscribers	<p>The Company will only approach parties that meet the requirements stated in Article 43-6 of the Securities and Exchange Act and Instruction No. (91)-Tai-Tsai-Cheng-I-0910003455 issued by the Financial Supervisory Commission on June 13, 2002 for subscription of this private placement of common shares.</p>
Reasons for private placement	<ol style="list-style-type: none"> 1. Reasons to forgo public offering: The Company has opted to raise capital via private placement after evaluating the conditions of the capital market and after taking into consideration the timeliness, accessibility, and cost of capital. This project is expected to strengthen competitiveness and improve operating performance of the Company, and should have positive benefits on shareholders' equity. 2. Private placement limit: The Company will issue up to 70,000,000 shares in two placements within one year from the date of special shareholders meeting resolution. 3. Expected number of private placements, use of capital, and expected benefits

	for each placement:				
	Expected number of placements	Expected number of privately issued shares	Use of privately sourced capital	Expected benefits	
	First	No more than 40,000,000 shares	To provide working capital, improve financial structure, or meet the Company's capital requirements for future growth	To strengthen financial structure, improve business performance, and raise overall competitiveness	
	Second	No more than 30,000,000 shares	To provide working capital, improve financial structure, or meet the Company's capital requirements for future growth	To strengthen financial structure, improve business performance, and raise overall competitiveness	
Payment completion date	Proceeds for the 40,000,000 shares issued in the first private placement were collected on March 14, 2022.				
Subscriber's background	Subscriber of private placement	Eligibility	Volume subscribed	Relationship with the Company	Involvement in the Company's management
	Lin Mu-Ho	Party selected in accordance with Article 43-6 of the Securities and Exchange Act	5,000,000	Chairman and director of the Company	Chairman and director of the Company
	Shang Mei Precision Industrial Co., Ltd.	Party selected in accordance with Article 43-6 of the Securities and Exchange Act	35,000,000	Major shareholder of the Company	None
Actual subscription (or conversion) price	NT\$13.5				

<p>Difference between the actual subscription (or conversion) price and the reference price</p>	<p>Actual subscription price for the current private placement of common shares: NT\$13.5. Reference price: NT\$13.71; subscription price of this private placement was set at 98.46% of the reference price, and did not fall below 80% of the reference price resolved in shareholders' meeting.</p>
<p>Impacts to shareholders' equity following the private placement (e.g.: increase in cumulative losses...)</p>	<p>The shares were issued at premium and increased net worth per share to the benefit of shareholders.</p>
<p>Planned and actual usage of privately raised capital</p>	<p>The Company expects to use the fresh capital for working capital and for supporting future growth requirements starting from the second quarter of 2022.</p>
<p>Benefits of the private equity placement</p>	<p>The additional capital will help the Company strengthen competitiveness, improve business performance, expand, and increase profitability.</p>

Appendix I

Chenming Electronic Technology Corporation Articles of Incorporation

Chapter I General Provisions

- Article I: This Company is duly incorporated in accordance with the Company Act in the full name of Chenming Mold Ind. Corp. (hereinafter referred to as the “Company”).
- Article II: The Company may engage in the following business activities:
- I. A variety of metallic machines, punching machines, steel molds, metallic electrical parts & components purchase, manufacturing, import and export, buy & sales.
 - II. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
 - III. CC01060 Wired Communication Mechanical Equipment Manufacturing.
 - IV. CC01050 Data Storage Media Units Manufacturing.
 - V. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
 - VI. CC01080 Electronics Components Manufacturing.
 - VII. E605010 Computer Equipment Installation.
 - VIII. F113070 Wholesale of Telecommunication Apparatus.
 - IX. F213060 Retail Sale of Telecommunication Apparatus.
 - X. F601010 Intellectual property
 - XI. I301010 Information Software Services.
 - XII. I301020 Data Processing Services.
 - XIII. I301030 Electronic Information Supply Services
 - XIV. I501010 Product Designing.
 - XV. IE01010 Telecommunications Service Number Agencies.
 - XVI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article II~I: The Company is entitled to render guarantee business externally.
- Article II~II: The Company is entitled to invest externally where the aggregate total of such outward investment may exceed 40% of the Company’s paid-in capital.
- Article III: The Company is headquartered in Taipei City, Taiwan and may have branches set elsewhere at home and abroad as duly resolved by the Board of Directors.
- Article IV: Public announcements of the Company shall be duly made according to Article 28 of Company Act.

Chapter II Shares

- Article V: The Company has aggregate total capital in an amount of NT\$2.472 billion, divided into 247,200,000 shares at Ten New Taiwan Dollars par value. The Board of Directors is bestowed with full power to issue the shares as necessary in installments.
- Within the total capital mentioned in the preceding Paragraph, a NT\$200 million sum shall be reserved ready for issuance of employee stock option certificates, preferred shares attached with warrants or corporate bonds attached with warrants in twenty million shares at Ten New

Taiwan Dollars par value.

Article V~I: Where the Company intends to issue employee stock option certificates at price of issue below the price of the Company's common shares closed on the day of issue, a decision shall be duly resolved by two-thirds majority vote in the shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.

Where the Company intends to transfer shares to employees at a price below the average price in actual buyback, a decision shall be duly resolved by two-thirds majority vote in the latest shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.

Article VI: For the shares issued by the Company, the Company may be exempted from printing any share certificate for the shares issued but shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.

Article VII: The Company issues owner-registered shares only. Every share certificate shall be legally certified and issued with signatures of directors capable of representing the Company.

Article VIII: Transfer of shares shall be discontinued within sixty (60) days prior to a shareholders' regular meeting, or within thirty (30) days prior to a special shareholders meeting, or within five (5) days prior to the base day scheduled to allocate dividend, bonus or other interests.

Chapter III Shareholders' meeting

Article IX: The shareholders' meeting of the Company is in two categories, i.e., shareholders' meeting and special shareholders meeting. The shareholders' regular meeting shall be duly convened by the board of directors once per annum within six months from closing of each fiscal year. A special shareholders meeting shall be duly convened according to law whenever necessary.

Article X: A shareholder who is unavailable to attend a shareholders' meeting may duly issue a written proxy in the Company provided form, expressly bearing the scope of authorized powers to authorize a proxy to attend the meeting on his or her behalf.

Article XI: Each share held by a shareholder of the Company is entitled to one voting power except an event as set forth under Article 179 of the Company Act which is not entitled to voting power.

Article XII: Unless otherwise provided for in the Company Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

Chapter IV Directors and Audit Committee

Article XIII: The Company's directors shall be elected by shareholders' meeting from candidates of disposing capacity subject to the nomination system pursuant to Article 192-1 of the Company Act, with a three-year tenure of office and eligible for reelection.

Article XIII-I: Pursuant to Article 14-2 of Securities and Exchange Act, the Company has seven directors, including at least two independent

directors that make up no less than one-fifth of the board.

In election of directors, each share is entitled to the electing power equivalent to the number of directors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the directors. The independent directors and non-independent directors shall be elected in the same package and the numbers of elected ones shall be calculated respectively.

Article XIII~II: The Company's independent directors shall be duly elected in candidate nomination system. The Company's shareholders who hold over 1% of the total outstanding shares and the board of directors may nominate the candidates for independent directors. The board of directors shall review and screen those nominees and then submit the qualified nominees to the shareholders' meeting. The shareholders' meeting shall elect independent directors out of those qualified candidates for independent directors.

The nominated candidates for independent directors shall be duly accepted and promulgated in accordance with Company Act, Securities and Exchange Act and laws and ordinances concerned.

Article XIII~III: The Company shall establish the Audit Committee consisting of all independent directors who shall be no less than three persons in number, one of whom shall be the Committee convener, and at least one of whom shall have accounting or financial expertise.

Article XIV: Board of Directors shall be organized by directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman and one vice chairman shall be duly elected. The chairman shall represent the Company externally.

Article XV: During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act. The Board meeting shall be duly convened in accordance with Article 204 of the Company Act. The notices for a Board meeting may be served in writing, by e-mail or by FAX. Where a director commissions another director to attend a Board meeting, the proxies shall be duly handled in accordance with Article 205 of the Company Act.

Article XVI: For the remuneration to all directors, the Board of Directors is authorized with full powers to fix it based on the normal level prevalent in horizontal trades. The amount of travel or transportation allowance to directors shall be duly resolved by the Board of Directors. The remuneration to directors for their performance of duty shall be granted disregarding whether the Company operates at a profit. The Company may acquire liability insurance for the directors to lower and disperse their potential risks of critical impairment to the Company and to shareholders in case of a fault in their exercise of their duties.

Chapter V Managers

Article XVII: The Company has one general manager whom shall be duly appointed, discharged and paid in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article XVIII: Upon closing of each fiscal year of the Company, the Board of Directors shall work out: I. Business report; II. Financial statements and III. the motions for earnings distribution or compensation for deficit to be acknowledged by a general shareholders' meeting pursuant to laws.

Article XIX: Profit before tax and employee/director remuneration shall first be taken to offset previous losses; any surplus remaining shall then be subject to employee remuneration of no less than 2%, and director remuneration of no more than 2%.

The remuneration to employees and remuneration to directors may be distributed either in stocks or in cash at the percentages, which shall be resolved by a majority vote in the Board meeting which is attended by directors who account for two-thirds of the aggregate total of director seats. The percentages so resolved shall be reported to the shareholders' meeting. The remuneration to employees may be distributed either in stocks or in cash and may be distributed to employees of subordinate company(ies) who satisfy the specified qualification requirements.

Article XIX-I: Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve and provision or reversal of special reserve as the laws or the authority may require. The residual balance is then added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution.

The Company may distribute earnings through cash dividend or stock dividend given consideration of the Company's financial standing and business performance and such factors and shall be preferentially distributed in cash dividend. The cash dividend shall be at the ratio not below 10% of the aggregate total dividend to be distributed in the year.

Chapter VII Supplementary provisions

Article XX: Any matters inadequately provided for in these Articles of Incorporation shall be duly handled according to Company Act

Article XXI: The Articles of Incorporation were first enacted on June 4, 1976

Duly amended on July 20, 1976 as the 1st amendment;
amended on January 10, 1977 as the 2nd amendment;
amended on June 26, 1982 as the 3rd amendment;
amended on July 12, 1985 as the 4th amendment;
amended on April 6, 1987 as the 5th amendment;
amended on October 8, 1992 as the 6th amendment;
amended on October 28, 1997 as the 7th amendment;
amended on January 7, 1998 as the 8th amendment;
amended on June 30, 1998 as the 9th amendment;
amended on June 20, 1999 as the 10th amendment;
amended on May 24, 2000 as the 11th amendment;
amended on May 16, 2001 as the 12th amendment;
amended on May 20, 2002 as the 13th amendment;
amended on March 10, 2003 as the 14th amendment;

amended on June 6, 2003 as the 15th amendment;
amended on June 11, 2004 as the 16th amendment;
amended on June 10, 2005 as the 17th amendment;
amended on June 15, 2007 as the 18th amendment;
amended on June 13, 2008 as the 19th amendment;
amended on June 10, 2009 as the 20th amendment;
amended on June 9, 2010 as the 21st amendment;
amended on June 10, 2011 as the 22nd amendment;
amended on June 17, 2016 as the 23rd amendment;
amended on June 13, 2018 as the 24th amendment;
amended on June 14, 2019 as the 25th amendment;
amended on June 12, 2020 as the 26th amendment.

**Chenming Electronic Technology Corporation
Procedure Rules for Shareholders' Meeting**

- I. Unless otherwise specified in laws or Articles of Incorporation, shareholders' meetings shall proceed according to the rules stated herein. The Company shall prepare an electronic file that contains the meeting advice, a proxy form, a detailed agenda of topics to be acknowledged or discussed during the meeting, and notes on the election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before a shareholders' regular meeting, or 15 days before a special shareholders' meeting. At least 21 days before a shareholders' regular meeting or 15 days before a special shareholders' meeting, an electronic copy of the shareholders' meeting conference handbook and supplementary information shall be prepared and posted onto MOPS. Hard copies of the shareholders' meeting conference handbook and supplementary information also have to be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents must be made available at the Company's premises and at the share transfer agent, and distributed on-site during the shareholders' meeting.

The meeting advice and announcement shall include a detailed agenda. Advices can be served in electronic form with the recipient's consent.

Motions concerning election or dismissal of directors or supervisors, amendment of Articles of Incorporation, capital reduction, going private, permission for directors' competing business involvement, capitalization of earnings, capitalization of reserves, dismissal of the Company, merger, divestment, and any issues listed in Paragraph 1, Article 185 of The Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers must be notified in advance with summary explained as part of the meeting agenda, and can not be raised in the form of special motion.

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

Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose motions for discussion in shareholders' regular meetings; each shareholder may only propose one motion; proposals above that limit will be excluded from discussion. The board of directors may disregard shareholder's proposal if the proposed motion exhibits any of the conditions described in Paragraph 4, Article 172-1 of The Company Act. Shareholders may propose motions that seek to increase the Company's efforts toward public interest or social responsibilities. These proposals are subject to the procedures outlined in Article 172-1 of The Company Act and are limited to one proposal only. Proposals that exceed this limit are excluded from the agenda.

The Company shall announce, before the book closure date of shareholders' regular meeting, the conditions, methods (written or electronic), places, and time within which shareholders' proposals are accepted. The acceptance period must not be less than ten days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the shareholders' regular meeting

in person or through proxy and participate in the discussion.

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

- II. An attendance log shall be prepared to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence. The number of shares represented by present shareholders shall be duly calculated based on the sign-in book or the sign-in cards submitted by present shareholders.
- III. Attendance and votes in a shareholder meeting are calculated based on the number of shares represented.
- IV. A shareholders' meeting shall be convened at a venue where the Company is located or a location appropriate for a shareholders' meeting to be convened. A shareholders' meeting shall be convened at a time frame no earlier than 9:00 a.m. or later than 3:00 p.m.
- V. A shareholders' meeting shall be chaired by the chairman if convened by the board of directors. Where the chairman is on leave or unavailable to exercise his responsibilities and powers, the vice chairman shall act as the substitute. If there is no vice chairman or where the vice chairman is unavailable to exercise the responsibilities and powers as well, the chairman shall appoint one managing director to act as the substitute. Where the chairman does not appoint a managing director, a managing director or a director shall be elected from among themselves to act as the substitute.
Where a shareholders' meeting is convened by a convener beyond the board of directors, that shareholders' meeting shall be chaired by that convener.
- VI. An Attorney-at-Law, a Certified Public Accountant or a person concerned commissioned by the Company may participate in a shareholders' meeting as a non-voting (guest) participant.
The staff taking charge of a shareholders' meeting shall wear identity certificates or armbands.
- VII. The entire process of a shareholders' meeting shall be audio recorded or videotaped and such audio record or videotape shall be archived for one year minimum.
- VIII. The chairperson should announce commencement of meeting as soon as it is due, and announce the number of shares represented in the meeting as well as the number of shares that are not entitled to voting rights. However, if current attendees represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If attending shareholders still represent less than one-third of outstanding shares after two postponements, the chairperson shall dismiss the meeting. If attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder, and another shareholder meeting shall be held within the next month. If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.
- IX. Where a shareholders' meeting is convened by the board of directors, the agenda shall be fixed by the board of directors. The shareholders' meeting shall be duly

handled in accordance with the scheduled agenda which shall not be changed unless duly resolved in the shareholders' meeting.

The provision set forth under the preceding Paragraph is applicable mutatis mutandis to shareholders' meeting which is convened by a person beyond the board of directors.

Unless duly resolved, the chairperson shall not declare adjournment of the meeting until the issues set in the agenda in the two preceding Paragraphs (including extraordinary motions) are concluded.

After a shareholders' meeting is Adjourned, the shareholders shall not elect another chairperson to continue the meeting at the same venue or a new venue.

Where the chairperson proves in contravention of Procedure Rules for Shareholders' Meeting by declaring adjournment of the meeting unlawfully, nevertheless, a new chairperson may be elected by a majority vote of the present shareholders to continue the meeting.

- X. A present shareholder shall fill out and submit the floor note, giving the gist of the speech, shareholder number (or code of the participation certificate) and name of account holder before he or she takes the floor. Then the chairperson may fix the order of floor.

A present shareholder who has submitted the floor note but does not take the floor is deemed as having not taken the floor. Where a present shareholder speaks contents inconsistent with the contents shown on the floor note, the contents actually spoken shall prevail.

While a present shareholder takes the floor, other shareholder(s) shall not speak to interfere with the floor unless consented by the chairperson and the speaking shareholder. The chairperson shall stop the offender, if any.

- XI. On the same issue, every shareholder shall not speak more than twice and shall not speak in excess of five (5) minutes in each floor.

Where a shareholder violates the provision set forth under the preceding Paragraph or speaks beyond the scope of the subject issue, the chairperson may stop his or her speech.

- XII. Where a juristic person is commissioned to participate in a shareholders' meeting as a proxy, that juristic person may assign only one person to participate in the shareholders' meeting.

A juristic person who assigns two or more representatives to participate in a shareholders' meeting may appoint only one person to take the floor on the same issue.

- XIII. After a present shareholder completes the floor, the chairperson may answer the floor either in person or by assigning a person concerned to respond.

- XIV. Where an issue is found having been discussed enough up to the extent of resolution, the chairperson may announce discontinuance from discussion and put that issue to vote.

- XV. For the voting process, the ballot scrutinizer and the tally clerk shall be appointed by the chairperson. The ballot scrutinizer shall, nevertheless, be appointed from among the shareholders.

The outcome of the voting process shall be reported on-the-spot and put into the minutes.

- XVI. During progress of the meeting, the chairperson may set an intermission as appropriate.

- XVII. Unless otherwise provided for in the Company Act and the Articles of Incorporation, the decision of an issue shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

During the voting process, an issue which proves to meet no objection in response to the inquiry by the chairperson is deemed duly passed in the validity same as an issue duly resolved through balloting process.

- XVIII. Where a same issue is accompanied with an amendment or an alternate, the chairperson shall rule the voting order for the amendment or alternate in consolidation with the original bill. Where one bill among them is passed, other bill(s) is(are) deemed having been vetoed without a need for voting any more.
- XIX. The chairperson may command picket personnel (or security guard(s) to maintain the order of the meeting venue. The picket personnel (or security guard(s) shall wear " picket personnel" armbands while serving the meeting site to maintain the order.
- XX. This same provision is applicable mutatis mutandis to an event of amendment There Regulations shall be put into enforcement after being resolved in the shareholders' meeting.

Chenming Electronic Technology Corporation Procedures for the Acquisition or Disposal of Assets

Chapter One General Provisions

- I. Objectives and statutory authority:

These Procedures are duly enacted in accordance with Article 36~1 of Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" in an effort to strengthen management over assets and implement thoroughly open and transparent information policy.
- II. Scope of application for assets:
 - (I) Investment in stocks, government bonds, corporate bonds, financial bonds, negotiable securities manifesting funds, deposit receipt certificates (DRC), share subscription (sales) warrants, beneficiary securities and asset-backed securities.
 - (II) Real estate (including land, building, investment properties, and construction in progress), plant and equipment.
 - (III) Membership certificates
 - (IV) Patent rights, copyrights, trademark rights, franchises and such intangible assets.
 - (V) Right-of-use assets.
 - (VI) Debt claims of a financial institution (including receivables, bills purchased, discounts, loans, and overdue receivables).
 - (VII) Derivatives: refer to forward contracts, option contracts, futures contracts, leverage guarantee contracts, swap contracts, any combination of the above, or structured contracts/products with embedded derivatives where the values are derived from interest rate, price of financial instrument, commodity price, exchange rate, price/rate index, credit rating, credit index, or other variables. The forward contracts mentioned here do not include insurance contract, performance contract, after-sale service contract, long-term lease contract, or long-term (purchase) sale contract.
 - (VIII) Assets acquired or disposed of through legal merger, divestment, acquisition, or share exchange.
 - (IX) Other material assets.
- III. Appraisal procedures:
 - (I) Before the Company acquires or disposes of investment in negotiable securities or engages in transaction in derivative financial instruments, the Financial Department and Accounting Department shall conduct analyses on the relevant benefits and assessment of potential risks. Before the Company acquires or disposes of real estate and other assets, the department(s) concerned shall work out capital expenditure plans and assess the feasibility of the objectives of acquirement or disposal and the anticipated benefit. In case of transaction with a related party, evaluation of the rationality shall be duly conducted in accordance with Chapter Two of these Procedures beforehand.
 - (II) Where the Company acquires or disposes of negotiable securities, the Company shall obtain the financial statements duly audited and certified by independent Certified Public Accountant or other data concerned of the

target company in the latest term for reference in the transaction price before the date of fact occurrence. Where the Company acquires or disposes of negotiable securities, private placement securities, membership certificates, intangible assets and right-of-use assets thereof not traded in the centralized securities exchanges or over-the-counter exchange with transaction amount up to 20% of the Company's paid-in capital or NT\$300 million, the Company shall consult the independent Certified Public Accountant to offer opinions on the rationality, unless the counterparty is a domestic government institution. Where the independent Certified Public Accountant has to adopt expert reports, the issue shall be duly handled in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF, Republic of China.

- (III) Acquisition/disposal of property, plant, equipment or right-of-use asset that amounts to more than 20% of the Company's paid-up capital or NT\$300 million in value must be supported with professional valuation report obtained before the date of occurrence, and shall proceed according to the asset valuation process stated herein.
- (IV) Acquisition and disposal of assets with related parties are subject to the resolution procedures and rationality assessments described in the preceding and current sections if they amount to 10% or more of the Company's total assets. In addition, a valuation report from a professional valuer or an opinion from a CPA shall be obtained in accordance with the preceding section to support the transaction.
- (V) Where the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall, before the decision is resolved by the board of directors retain a independent Certified Public Accountant, Attorney-at-Law or securities underwriter about the opinion on the reasonableness of the share conversion ratio, acquisition price, cash in distribution to shareholders or other properties and submit such expert opinion to the board of directors for discussion and resolution.
In case of a public company that merges a subsidiary which holds 100% of outstanding shares either directly or indirectly or a merger among its subsidiaries, nevertheless, the opinion on rationality to be issued by the aforementioned experts may be exempted.
- (VI) For the means of price determination and supporting reference materials where the Company acquires or disposes of assets, other than the aforementioned expert appraisal, opinions from independent Certified Public Accountant or such experts, the Company shall duly handle based on the situations below:
 - 1. The prices for purchase or sales of the negotiable securities which have been traded in centralized securities exchanges or over-the-counter exchange shall be determined based on the prices of the equity or bond prevalent that time.
 - 2. The prices for purchase or sales of the negotiable securities which have not been traded in centralized securities exchanges or over-the-counter exchange shall be determined with reference to the net worth per share, capability in technology or profitability, potential of future development, interest rate prevalent in the market, interest rates shown through face amount of the bonds and the debtor's credit standing and further with reference to the latest closed prices.
 - 3. For acquisition or disposal of membership certificates, the Company shall take into account the yieldable benefits with reference to the latest closing

prices. For acquisition or disposal of patent rights, copyrights, trademark rights, franchise and such intangible assets, the Company should take reference to customs prevalent in international community or markets, durable years and the impact upon the Company in technology or business operation.

4. Pricing for acquisition/disposal of real estate property or right-of-use asset thereof and other fixed assets shall be negotiated based on government-declared value, the appraised current value, actual transaction price or book value of nearby property or right-of-use asset thereof, or suppliers' quotations. Where the Company acquires assets from a related party, the Company shall, first of all, conduct imputation in the means as set forth under Chapter Two of these Procedures so as to appraise whether the trading prices are reasonable.
5. Where the Company engages in transaction in derivative financial instruments, the Company shall take reference to the trading conditions in the futures exchange, trends in exchange rate and interest rate.
6. Where the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall take into account attribute of the business operation, net worth per share, asset value, capability in technology and profitability as well as potential in future growth.

IV. Operating procedures:

(I) Credit line and level of authorization:

1. In case of negotiable securities: The Company shall authorize its general manager to proceed with the transaction within the credit line set forth under Article 7 of these Procedures. Where the negotiable securities prove consistent with the criteria for declaration set forth under Article V, the Company shall declare the issue to the chairman for recordation on the ensuing day and shall further submit the case to the latest Board meeting for retrospective acknowledgement. Where the Company acquires or disposes of stocks, corporate bonds, negotiable securities in private placement beyond the centralized securities exchanges or over-the-counter exchange with amount in transaction up to the criteria for public announcement and declaration, the case shall first be duly resolved in the board of directors beforehand. Where the Company intends to invest in Mainland China, the Company shall first obtain consent from the shareholders' meeting or the shareholders' meeting shall authorize the board of directors for enforcement and the Company shall further apply to and get approved from Investment Commission, Ministry of Economic Affairs beforehand.

Transaction in derivative financial instruments

- (1) Hedge trade: Pursuant to the Company's sales revenues and change in the risk positions, the personnel designated by the chairman may proceed with the trade which is below US\$3 million (or other currency of equivalent value) in single transaction or accumulated position. A case beyond US\$3 million shall not be traded until applied to and approved by the chairman.
- (2) Non-hedge trade: In an effort to minimize potential risk, a case which is below US\$3 million (or other currency of equivalent value) in single transaction or accumulated position may be conducted after being approved by the chairman. A case beyond US\$3 million shall not be conducted until being approved by the board of directors.

- (3) To assure that the authorization by the Company may be under coordination with the correspondent superintendence and management from the bank, the authorized trading personnel shall keep the trade informed to the bank.
- (4) Trade for derivative financial instruments as authorized under the aforementioned terms shall be reported to the board of directors afterwards.
- 3. Transaction with a related party: The documents as specified under Chapter Two of the Procedure shall be submitted to, approved by the Board of Directors and be further acknowledged by the Audit Committee beforehand.
- 4. In case of merger, demerger, acquisition, or transfer of shares: The Company shall duly proceed with the relevant procedures and prepare for documents in accordance with Chapter Four of these Procedures. Among the transactions, merger, demerger, acquisition shall be subject to resolution in the shareholders' meeting beforehand unless otherwise prescribed in laws which exempt convening of a shareholders' meeting. Transfer of shares may be conducted after being duly resolved in the board of directors.
- 5. Others: Other transactions shall proceed according to the internal control system and procedures outlined in the approval authority policy. Transactions that amount to the announcement/reporting criteria outlined in Article V are subject to board of directors' resolution before execution, except for acquisition/disposal of machinery, equipment, real estate property or right-of-use asset thereof in business operations, which can be approved upfront and acknowledged by board of directors afterwards. Transactions that meet any of the conditions listed in Article 185 of The Company Act are subject to shareholder meeting resolution before proceeding.

(II) Units in enforcement and transaction procedures

All security investments and derivative transactions involving the Company shall be executed by finance and accounting departments and personnel appointed by the Chairman. Transactions of real estate property or right-of-use asset thereof and other assets shall be executed by the department in use and accountable units. Transactions such as merger, divestment, acquisition or share exchange shall be executed by the unit appointed by Chairman. For acquisition or disposal of assets, after the appraisal process is completed and approval is obtained, the unit in enforcement may proceed with execution of contract, acceptance and granting of payment, delivery and final acceptance check process and shall duly handle the case in accordance with the attribute of the assets and the operating procedures. In addition, transactions with related parties that involve acquisition of real estate property or right-of-use asset thereof, trading of derivative, merger, divestment, acquisition or share exchange shall also proceed according to Chapters Two - Four of the procedures.

V. Procedures for public announcement and declaration:

- (I) Where the Company acquires or disposes of assets and meets a situation falling within those enumerated below, the Company shall, based on the format and contents specified by the competent authority, launches public announcement and declaration through the website designated by the Financial Supervisory Commission within two (2) days from occurrence of

the fact.

1. Acquisition/disposal of real estate property or right-of-use asset thereof, or acquisition/disposal of asset other than real estate property and right-of-use asset thereof that amounts to more than 20% of paid-in capital, 10% of total assets or NT\$300 million in value. This excludes trading of domestic government bond, repurchase/resale agreement, and subscription or redemption of money market funds issued by domestic securities investment trust companies.
 2. Where the Company launches merger, demerger, acquirement or accepts transfer of shares
 3. Where the Company engages in transaction derivative financial instruments and, as a result, undergoes a loss up to the amount set forth under Article 14, Chapter Three of these Procedures or the maximum limit in the loss in an individual contract.
 4. An event while a financial institution disposes of creditor's right or investment in Mainland China in a transaction other than those set forth under three preceding Paragraphs, with amount of transaction up to 20% of the Company's paid-in capital or an amount of NT\$300 million. Except, nevertheless, a situation among those enumerated below:
 - (1) Trading of domestic government bonds.
 - (2) Repurchase/resale agreement, or subscription or redemption of money market funds issued by domestic securities investment trust companies.
 - (3) Acquisition or disposal of operating machinery, equipment or right-of-use thereof with an unrelated party, and the transaction amount meets any of the following requirements:
 - (a) For public companies with paid-in capital less than NT\$10 billion, the transaction amounts to NT\$500 million and above.
 - (b) For public companies with paid-in capital of at least NT\$10 billion, the transaction amounts to NT\$1 billion and above.
 - (4) Acquisition of real estate property in the form of development over purchased land, development over leased land, joint development with separate ownership, joint development with proportional holding, or joint development with partial sale, where the counterparty is unrelated and in which the Company expects to invest no more than NT\$500 million.
- (II) The Company shall, on a monthly basis, input the facts of transaction for derivative financial instruments conducted by the Company and subsidiaries not as a domestic public company as of the last day of the preceding month in the format as specified under the Appendix annexed hereto into the Information Declaration Website designated by the Financial Commission not later than the 10th day of every month.
- (III) If errors or omissions are discovered in any of the mandatory announcements that require correction, the Company shall start afresh and re-submit the entire announcement within two days from the date of knowledge.
- (IV) Where a trade which has been duly put into public announcement and declaration in accordance with Subparagraph (I) meets any among those enumerated below, the Company shall duly effect public announcement and declaration to the website designated by the Financial Commission within two (2) days from occurrence of the fact:
Where a relevant contract executed for the original transaction has been changed, terminated or rescinded.

Where the merger, demerger, acquisition, or transfer of shares has not been completed in full within the date scheduled in the contract.

Where the contents of the original public announcement have been changed.

VI. Procedures for appraisal of assets:

Except for transactions with domestic government agency and transactions that involve commissioned development of purchased land, commissioned development of leased land, and acquisition/disposal of equipment or right-of-use assets thereof relevant to business operations, all other acquisitions and disposals of property and equipment or right-of-use asset thereof amounting to 20% of the Company's paid-in capital or NT\$ 300 million and above shall be supported with valuation reports issued by professional valuers prior to the date of occurrence (refer to Attachment 1 for mandatory report details). These transactions shall also comply with the following rules: Where the Company acquires or disposes of assets through auction procedures with a court, the verifying document issued by that court is acceptable instead of the appraisal report or the Certified Public Accountant's opinion.

- (I) In special circumstances where the Company adopts restrictive pricing or uses a specific price to serve as pricing reference, the underlying transaction must be resolved by the board of directors before proceeding. The same requirement applies to any change of transaction term thereafter.
- (II) Where the amount of transaction is in excess of NT\$1 billion, the Company shall retain two or more expert appraisers for appraisal.
- (III) Where the outcome of appraisal by the expert appraisers is found meeting any among those enumerated below, except an event where the appraisal outcomes are above the trading amount in case of acquirement of assets or where the appraisal outcomes are below the trading amount in case of disposal of assets, the Company shall consult with the independent Certified Public Accountant to handle the case in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF, Republic of China (hereinafter referred to as ARDF) and to issue concrete opinions on the appropriateness of the trading price:
 1. Where the appraisal outcome and the trading amount show a differential gap above 20%.
 2. Where the outcome of two or more expert appraisers shows a differential gap above 10%.
- (IV) The date while the expert appraisers issued the reports shall not be more than three (3) months from the date of execution of this contract. If the official land price latest promulgated by the government of the same term is applicable and is not beyond six (6) months, the opinions issued by the same expert appraisers are acceptable.

VII. Scope and credit line of investment:

Other than assets acquired by the Company and the Company's subsidiaries oriented to use for business operation, the Company may, as well, invest and purchase real estate and the right-of-use assets thereof and negotiable securities beyond the use for own business operations, with the restrictions upon the credit line as enumerated below: Upon calculation of the subparagraphs (IV) and (V), those participating in investment and incorporation or serving as the directors who intend to hold the investment on a long-term basis may not be counted.

- (I) The sum of non-business related real estate properties and right-of-use assets

thereof shall not exceed 10% of the Company's and subsidiary's net worth, as shown in the latest financial statements.

- (II) The aggregate total amount of negotiable securities shall not exceed 150% of the net worth of the as shown through the latest financial statements of the Company and shall not exceed 100% of the net worth of the as shown through the latest financial statements of the Company's subsidiaries.
- (III) The restriction upon investment in negotiable securities shall not exceed 100% of the net worth of the as shown through the latest financial statements of the Company and shall not exceed 100% of the net worth of the as shown through the latest financial statements of the Company's subsidiaries.
- (IV) The net investment amounts of the Company and the Company's subsidiaries on a single company listed in the Taiwan Stock Exchange Corporation (TSEC) or a company listed on over-the-counter exchange shall not exceed 10% of the net worth of such respective companies the as shown through the latest financial statements of those respective companies.
- (V) The shares held by the Company and the Company's subsidiaries shall not exceed 10% of the aggregate total outstanding shares of any single company listed in the Taiwan Stock Exchange Corporation (TSEC) or listed on over-the-counter exchange.

VIII. The Company's control over assets acquired or disposed of by subsidiaries

- (I) The Company's subsidiaries shall duly enact "Procedures for the Acquisition or Disposal of Assets" in accordance with Letter Tai-Cai-Zheng-Yi-Zi 0910006105 of the Securities & Futures Institute and have such Production duly resolved by the boards of directors of the subsidiaries and approved by shareholders' meetings of the subsidiaries, and submit them to the Company's board of directors. This same provision is applicable mutatis mutandis to an event of amendment.
- (II) A subsidiary of the Company shall duly acquire or dispose of assets in accordance with its "Internal Control System" and "Procedures for the Acquisition or Disposal of Assets." Such a subsidiary of the Company shall further aggregate the assets acquired or disposed of in the same attribute in a single case or in accumulation or in an amount in excess of NT\$10 million in the preceding month and declare to the Company in writing not later than the 5th day of every month. The Company's Audit Department shall include asset acquisition and disposal practices of its subsidiaries as one of the monthly key audit emphases. Outcomes of such audit shall be included as part of the mandatory audit report made to the Board of Directors and Audit Committee.
- (III) Where a subsidiary of the Company which is not a public company and the assets acquired or disposed of by such subsidiary are not up to the criteria for public announcement and declaration, such subsidiary shall notify the Company within the date of occurrence of the fact and the Company shall launch announcement and declaration to public through the designated website..

IX. Penalty clauses:

Where a person in-charge of acquirement or disposal of assets in the Company is found in contravention of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the Financial Supervisory Commission, Executive Yuan or these Procedures, such issue shall be duly handled in accordance with the following clauses based on the extent of

violation. The violation records shall be taken as a reference in the annual performance evaluation for the individuals.

- (I) Delegation of authorization for violation: A first time offender shall receive an oral warning. A recidivist shall receive warning in writing and shall be required to participate in the mandatory training programs on internal control system in the Company. A further recidivist or a recidivist in a critical offense shall be assigned out of the current position.
- (II) Procedures to evaluate an offense: A first time offender shall receive an oral warning. A recidivist shall receive warning in writing and shall be required to participate in the mandatory training programs on internal control system in the Company. A further recidivist or a recidivist in a critical offense shall be assigned out of the current position..
- (III) Announcement and declaration to public for an offense: A first time offender shall receive an oral warning. A recidivist shall receive warning in writing and shall be required to participate in the mandatory training programs on internal control system in the Company. A further recidivist or a recidivist in a critical offense shall be assigned out of the current position.
- (IV) The superior supervisor of an offender is subject to penalty as well unless he or she is able to explain that he or she has conducted adequate preventive measures beforehand.
- (V) Where the Board of Directors or a director is found to have violated rules or be in contravention of a decision resolved in the shareholders' meeting, the Audit Committee shall notify the board or the director to cease the offending behavior in accordance with Article 218-2 of The Company Act.

Chapter Two Transaction with related parties

- X. Authority to identify a related party:
Transactions by the Company with related parties A related party shall be duly identified in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers. Upon the process of identification, the substantial relationship should be taken into account other than statutory formality.

- XI. Resolution procedures:
Where the Company intends to acquire or dispose of real estate or the right-of-use assets thereof from or to a related party, or where the Company intends to acquire or dispose of assets other than real estate or the right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase, resale agreement (repo and reverse repo), or subscription to or repurchase of money market funds issued by domestic securities investment trust enterprises, the unit in enforcement shall not proceed to enter into a transaction contract or make a payment until the following documents have been approved and acknowledged by the Board of Directors:
 - (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (II) The reason for choosing the related party as a trading counterparty.
 - (III) When acquiring or disposing of real estate or right-of-use assets thereof with a related party, any information that is relevant for establishing the rationality of transaction terms under Articles XII and XIII.
 - (IV) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's

relationship to the Company and the related party.

- (V) The 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.
- (VI) Professional valuer's report or CPA's opinion obtained in accordance with the preceding Article.
- (VII) The restrictive covenants and other important stipulations associated with the transaction.

XII. Evaluation over reasonableness for the terms of transaction:

Acquisition/disposal of real estate property or right-of-use asset thereof with a related party, or acquisition/disposal of asset other than real estate property and right-of-use asset thereof with a related party that amounts to more than 20% of paid-in capital, 10% of total assets, or NT\$300 million in value, shall be subject to rationality assessment except for the four circumstances below: (1) The related party had acquired the real estate property or right-of-use asset thereof through inheritance or gift in the first place; (2) 5 years have passed since the relate party last acquired the real estate property or right-of-use asset thereof; (3) The real estate property is acquired from related party through an arrangement characterized as joint construction agreement, development over purchased land, or development over leased land; and (4) Acquisition of right-of-use asset in a real estate property for business operations by a public company from its parent or subsidiary, or between 100% directly and indirectly held subsidiaries of the public company. Except for the four circumstances described above, the Company shall assess the rationality of transaction cost using the following methods, and seek verification and opinions from certified public accountants.

- (I) Pursuant to the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" as set forth herein is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided that, it shall not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- (II) The total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as the collateral for a loan; provided that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. This, nevertheless, shall not apply an event where the financial institution is a related party of one of the trading counterparties.
- (III) For purchases or leases that involve both land and buildings, the transaction costs of land and building can be evaluated separately using any of the methods listed Subparagraph (I) or (II) above.

XIII. Requirements to be met where the imputed transaction cost is below the transaction price:

Where the transaction costs appraised based on the preceding Article are below the actual transaction price, except a situation among those enumerated below which are backed up with objective proof and expert opinions from expert real estate appraisers and independent Certified Public Accountant for the reasonableness, the case shall be duly handled in accordance with Paragraph III.

- (I) Where the related party acquired undeveloped virgin land or leased land for development, the Company shall submit proof of compliance with one of the

following conditions:

1. Where undeveloped virgin land is appraised in accordance with the means set forth under the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The term "reasonable construction profit" as set forth herein denotes the average gross operating profit margin of the related party's construction division over the most recent three (3) years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after accounting for reasonable price discrepancies due to floor or regional differences in accordance with standard property market or leasing practices.
- (II) The real estate property purchased or right-of-use assets acquired through lease from related party is proven to be of comparable term and size to other transactions completed by unrelated parties in the nearby area in the past year.

The term "transaction in the neighboring district" mentioned in the above Paragraph refers to properties located in the same or nearby street within a 500-meter radius of the underlying property, or properties with similar government-announced current values. The term "similar-size transaction" refers to unrelated transaction of area that is no smaller than 50% of the underlying property. The one-year time frame mentioned above dates back one year from the date of occurrence on which the real estate property or right-of-use asset thereof is actually acquired.

Where a public company transacts with a related party and the results of appraisals conducted in accordance with the preceding Article are uniformly lower than the transaction price and all situations set forth under Paragraph I of this Article prove nonexistent, the following steps shall be taken:

- (I) The Company shall provide special reserves equal to the difference between the transaction price and the assessed cost of real estate property or right-of-use asset thereof in the same manner as described in Paragraph 1, Article 41 of the Securities and Exchange Act. This special reserve can not be distributed as dividends or capitalized into share capital. Provisions for special reserve can only be used if devaluation losses are recognized on the acquired or leased asset during revaluation or disposal, or when the lease contract is terminated, or if compensation or cost is incurred while restoring the asset to its original state, or if there is evidence to support the underlying rationale. In which case, use of special reserves is subject to approval of the Financial Supervisory Commission, Executive Yuan.
- (II) The Audit Committee shall proceed according to Article 218 of The Company Act.
- (III) Outcomes of the preceding 2 Subparagraphs are to be reported during a shareholder meeting, whereas transaction details are to be disclosed in the annual report and the prospectus.

Chapter Three Principles, control and management over transaction in derivative financial instruments

XIV. Principles and policies of transaction:

- (I) Categories of transaction: The categories of derivative financial instruments the Company may engage in include forward contracts, options, swap of interest rate and exchange rate, futures and combined contracts of aforementioned merchandise in consolidation. The Company shall not engage in transaction in derivative financial instruments until the issue is submitted for a pass in advance by the board of directors.
- (II) Managerial and hedging strategies: The transaction in derivative financial instruments the Company may engage in is classified into hedge-oriented and non-hedge-oriented objectives (i.e., for the purposes of transaction). The strategies are primarily intended to hedge managerial risks. The Company shall choose merchandise for transaction oriented to hedging risks in foreign exchange revenues and expenditures, assets or liabilities. In case of a change in objective environments, the Company shall appropriately choose "non-hedging transaction" of derivative financial instruments in optimal timing in an effort to help the Company gain added nonoperating revenues or minimize nonoperating loss. Besides, the Company shall choose the financial institutions in business with the Company as far as possible for transaction counterparties to prevent potential credit risks. The Company shall, prior to transaction, appropriately define the transaction modes in financial operation for hedge or for pursuit of investment gains.
- (III) Limits of transaction:
1. Hedge transaction: The net foreign currencies position after combined assets and liabilities (including the net position anticipated to yield in the future) shall be taken as the maximum limit.
 2. Non-hedge transaction: Not in excess of US\$3 million. The transaction personnel shall, prior to implementation, submit analytical reports about foreign exchange trends. The contents of such report shall expressly specify trend analyses on foreign exchange markets and the proposed modes for operation which shall not be put into enforced until approved.
- (IV) The amounts of loss ceiling for entire and individual contracts.
1. Hedge transaction: Hedge transaction is a sort of transaction aiming at the Company's substantial need for which the stop-loss points shall be set not above the maximum limit at 20% of the transaction contract amount.
 2. Non-hedge trade: Set the cut loss point after establishing the position of trade to prevent excessive loss. The cut loss point is set at 20% of the contract amount in the transactions.
- (V) Division of authority and responsibility
1. Department of Finance: Pursuant to the Procedures, the Department of Finance shall take charge of implementation of transactions and shall try to collect market updates all the time and get familiar with laws and ordinances concerned and operating skills so as to provide the management with adequate information in real time.
 2. Accounting Department: The Accounting Department takes charge of confirmation of transaction, settlement and registration of details.
- (VI) Key points in performance evaluation
1. Hedge transaction:
The Company shall take the profit and/or loss yielded financial transaction in derivative financial instruments as shown on the account books as the ground to evaluate performance. The Company shall evaluate performance twice per month as the minimum and provide the

performance evaluation outcome to the management for reference.

2. Transaction on earmarked purposes.

The Company shall take the profit and/or loss actually incurred as the grounds for performance evaluation and shall conduct once every week as the minimum and shall provide the outcome of performance evaluation to the management for reference.

XV. Measures on risk management:

While engaging in derivatives transactions, the Company shall take risk control within the scope and measures enumerated below:

- (I) Consideration in credit exposure risks: The Company shall aim at highly reputable financial institutions and futures brokers which are capable of offering professional information as the key transaction counterparties in principle.
- (II) Consideration in market risks: Where derivatives are subject to high fluctuation in prices in future markets which might lead to uncertain losses, the Company shall strictly stick to the set up stop-loss points after the position is set up.
- (III) Consideration in liquidity risks: In an effort to assure sound liquidity of merchandise in transaction, the transaction institutions shall be in adequate equipment & facilities, information and transaction capability to proceed with transaction in any markets.
- (IV) Consideration in operating risks: The Company shall faithfully comply with the authorized credit lines, operating procedures to prevent potential risks in business operation.
- (V) Consideration in legal risks: For any contract documents to be executed with financial institutions, the Company shall adopt internationally standardized formats as far as possible to prevent potential legal risks.
- (VI) Consideration in merchandise risks: All internal trading crew shall be those who have possessed complete and accurate professional expertise to prevent potential misuse in derivatives and avoid potential loss so incurred.
- (VII) Consideration in cash settlement risks: The authorized trading crew shall strictly comply with the authorized credit lines and shall, besides, closely watch cash flow in the Company to assure that the Company holds adequate cash to deal with transactions at the moment of settlement.
- (VIII) The trading personnel and the personnel in charge of confirmation and settlement shall not serve more than one post among themselves concurrently.
- (IX) The personnel in charge of confirmation shall reconcile accounts and verify by mail with correspondent banks on a regular basis and shall check and verify the aggregate totals in the transactions to make sure of no excess beyond the ceiling limit.
- (X) The personnel in charge of risk weighing, superintendence and control shall not come from the department(s) of personnel defined under (I) and shall report to the board of directors or high ranking supervisor(s) who is(are) not in charge of transaction of policymaking process in position.
- (XI) All positions shall be duly evaluated and adjusted on a weekly basis as the minimum. Where the business operation involves hedge transaction, nevertheless, such positions shall be evaluated twice per month as minimum. The evaluation report shall be submitted to the ranking supervisor authorized by the board of directors (Note: The Company shall point a ranking supervisor beyond the unit of enforcement).

- XVI. Internal audit system:
- (I) The Company's internal auditors shall look into the appropriateness of internal control system in derivatives transactions on a regular basis and shall audit the department(s) in charge of transaction about their compliance in operating procedures of derivatives transactions. Whenever a significant violation is noticed, they shall immediately report to the ranking supervisor(s) designated by the Chairman and the Board of Directors and shall keep the Audit Committee informed in writing.
 - (II) The Company's auditors shall enumerate derivatives transactions into the audit plans and shall declare and report to the Securities & Futures Institute about performance in audit plans in the preceding fiscal year in late February of the ensuing year and shall further declare the rectification performance over abnormalities to the Securities & Futures Institute not later than late May of the ensuing year as the latest deadline.
- XVII. Means of regular evaluation and countermeasures to deal with abnormalities
- (I) Transaction over derivatives shall be conducted either on a monthly basis or on a weekly basis. The profit and/or loss and uncovered positions of the non-hedge transaction shall be aggregated for the week or for the month either on a weekly basis or on a monthly basis and submitted to the ranking supervisor authorized by the board of directors to function as reference in evaluation over performance and risks
 - (II) The ranking supervisor authorized by the Company's board of directors shall closely watch the superintendence and control over the derivatives transactions all the time. The board of directors shall evaluate the derivatives transactions to make sure whether the transactions are consistent with the established managerial strategies and whether the risks are within the scope tolerable to the Company.
 - (III) The ranking supervisor authorized by the board of directors shall manage derivatives transactions in accordance with the following principles:
 - 1. To evaluate the risk control measures currently adopted on a regular basis to make them whether they are appropriate and to proceed with the operation exactly in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the Securities & Futures Institute and these Procedures.
 - 2. To oversee the transaction and profit and/or loss and to adopt countermeasures and report to the board of directors forthwith whenever an abnormality is noticed. The Board meeting shall be attended by independent director(s) to speak up opinions.
 - (IV) While engaging the derivatives transactions, the Company shall set up a memorandum book which shall bear entries in detail of the categories, amounts of the derivatives transactions, the date when adopted in the board of directors, regular monthly or weekly evaluation reports and the regular evaluation by the ranking supervisor authorized by the board of directors.

Chapter Four Merger, demerger, acquisition, or transfer of shares

- XVIII. Where engaging in merger, demerger, acquisition, or transfer of shares, the Company shall, before the Board meeting is convened for resolution, retain independent Certified Public Accountant(s), Attorney(s)-at-Law or securities underwriters to offer their expert opinions about the share swap ratios, acquisition prices, rationality of cash or other property to be distributed to shareholders and submit such opinions to the board of directors for a pass through resolution.

- XIX. For merger, demerger, acquisition, or transfer of shares by the Company, the Company shall duly work out unclassified documents to all shareholders and serve them along with the expert opinions mentioned in the preceding Article and notices to shareholders' meeting to all shareholders before the shareholders' meeting is convened as the handy reference to decide the merger, demerger, acquisition, or transfer of shares should be approved; Except an event where other laws specify that for an issue regarding merger, demerger, acquisition, or transfer of shares, the shareholders' meeting may not be convened. Whenever any single company which participates in merger, demerger, acquisition fails to convene the shareholders' meeting due to any reason, resolve the decision to pass, vetoes the participation through its shareholders' meeting, the Company shall immediately hold an open presentation to public to state the causes, subsequent actions and the date scheduled to convene the shareholders' meeting.
- XX. Unless otherwise prescribed in laws or duly reported to and approved by the Securities & Futures Institute beforehand, while the Company participates in merger, demerger, acquisition, the Company shall duly convene the Board meeting and shareholders' meeting to pass with resolution the issues of merger, demerger, acquisition on the same day as all other participating companies. Where the Company participates in transfer of shares, the Company shall convene the Board meeting on the same day as other participating companies.
- XXI. Percentage of share swap and acquisition prices:
The percentage of share swap and acquisition prices for merger, demerger, acquisition, or transfer of shares shall not be changed except an occurrence of any among those enumerated below
- (I) Where the Company proceeds with 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.
 - (II) Where the Company proceeds with an action, e.g., a disposal of major assets that would affect the Company's financial operations.
 - (III) Where the Company develops an event, e.g., a major disaster or major change in technology, that would affect shareholder equity or share price.
 - (IV) Where the Company participates in an adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (V) In case of an increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (VI) Where other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- XXII. Entries required for the contents of a contract
Where the Company participates in merger, demerger, acquisition, or transfer of shares, the contract shall expressly bear the rights & obligations of the participating companies, facts about the change in share swap ratios or acquisition prices mentioned in the preceding Article and shall further expressly bear the issues enumerated below:
- (I) Measures to deal with default in contract.
 - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

- (III) The amount of treasury stock the participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (IV) The manner of handling changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and the date scheduled for completion.
- (VI) Date scheduled to convene the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

XXIII. Other key points that call for attention where the Company participates in merger, demerger, acquisition, or transfer of shares:

- (I) The Company shall request each and every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares to issue a written commitment to confidentiality and not to disclose the content of the plan prior to public disclosure of the information and not to trade, in the name of their own or of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (II) After the information of merger, demerger, acquisition, or transfer of shares is made public, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except an event where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (III) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to comply with the provisions set forth under Article 21 and two preceding Paragraph of these Procedures.

Chapter Five Other significant issues

- XXIV. The Company while acquiring or disposing of assets shall archive all relevant contracts, meeting minutes, memorandum books, appraisal reports and expert opinions of independent Certified Public Accountant, Attorney-at-Law or securities underwriter at the Head Office of the Company for five (5) years minimum unless otherwise prescribed.
- XXV. For any valuation report or opinion statement obtained from CPA, lawyer, or securities underwriter, the valuation firm, valuer, CPA, lawyer, or securities underwriter must satisfy the following requirements:
 - (I) No previous violation against the Act, The Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or Regulation on Business Entity Accounting Act, and no conviction of fraud, breach of trust, misappropriation, forgery or any crime relating to business activities resulting

in a sentence of one-year imprisonment or higher. This excludes situations where three years have passed since the subject has served the sentence, endured the probation period, or is pardoned of the crime.

- (II) Must not be related to the transaction counterparty.
- (III) In situations where the Company is required to obtain valuation reports from two or more professional valuers, the valuation firms or valuers shall not be related in any way.

The abovementioned personnel shall follow the principles below when issuing valuation reports or opinions:

- (I) Assess own professional capacity, practical experience, and independence before undertaking the case.
- (II) For audit cases, make appropriate plans and procedures, and execute accordingly to form conclusions, reports, or opinions; complete all relevant worksheets with details on the executed procedures, the collected data, and the final conclusion.
- (III) Evaluate the completeness, correctness, and rationality of the data, parameters, and information used to issue a valuation report or opinion.
- (IV) Issue declarations on the professionalism and independence of relevant personnel, the rationality and correctness of information used, and compliance-related matters.

XXVI. If a director expresses objection on record or issues written declaration against an asset acquisition/disposal that requires board's approval under the Procedures or laws, the Company shall forward the director's objections to the Audit Committee along with all relevant information. Where the Company has duly set up independent directors in accordance with Securities and Exchange Act, while the issues for transaction in acquisition or disposal of assets is submitted to the board of directors for discussion, the opinions of the independent directors shall be put into adequate account. Whenever an independent director expresses dissent or a reserved opinion, such dissent or reserved opinion shall be expressly entered into the Board meeting minutes. Where the Company has duly set up Audit Committee in accordance with Securities and Exchange Act, transaction in major assets or derivatives shall be subject to approval from the Audit Committee by a majority vote of all Committee members and shall be submitted to the board of directors for approval through a resolution. If a transaction is not approved by the Audit Committee by a majority vote of all Committee members, it may be approved by the board of directors through a two-thirds majority of all directors. The decision so resolved in the Audit Committee shall be expressly entered into the Board meeting minutes. The numbers of the Audit Committee members and all directors shall be counted only for those incumbent ones.

XXVII. The Procedures are subject to the support of the Audit Committee, and shall be resolved by the board of directors and proposed for resolution in a shareholders' meeting before implementation. The same applies to all subsequent amendments. Should a director express objection on record or via written statement, the Company shall forward director's objection to the Audit Committee. Opinions of independent directors shall be fully taken into consideration. Any opinions in favor or against the proposal and the underlying reasons must be shown in board meeting minutes.

Chenming Electronic Technology Corporation Directors' Shareholding

Record date: April 19, 2022

Title	Name	Date elected	Shareholding when elected			Current shareholding			Remarks
			Type	Shares	Shareholding ratio (%)	Type	Shares	Shareholding ratio (%)	
Chairman	Lin Mu-Ho	2020.06.12	common shares	25,000,230	16.03%	common shares	25,000,230	15.31%	
Vice Chairman	Lin Feng-Ran	2020.06.12	common shares	6,612,310	4.24%	common shares	6,612,310	3.37%	
Director	Chen Hsiao-Chun	2020.06.12	common shares	259,456	0.17%	common shares	259,456	0.13%	
Director	Lo Chih-Chi	2020.06.12	common shares	573,958	0.37%	common shares	573,958	0.29%	
Independent Director	Chou Liang-Cheng	2020.06.12	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Chen Hung-Chang	2020.06.12	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Chen Chien-Chun	2020.06.12	common shares	0	0.00%	common shares	0	0.00%	
Total				32,445,954			37,445,954		

Total outstanding shares as at June 12, 2020: 155,935,018 shares

Total outstanding shares as at April 19, 2022: 195,935,018 shares

Note: Minimum required shareholding across all directors: 11,756,101 shares; shareholding as at April 19, 2022: 37,445,954 shares

© Shares held by independent directors do not count toward directors' shareholding.

© The Company has assembled an Audit Committee, therefore supervisors' minimum shareholding requirements do not apply here.