

Stock Code: 3067



全|域|股|份|有|限|公|司
PHONIC CORPORATION

Handbook for 2023 Special shareholders' meeting

Meeting Time: August 31, 2023, at 9: 00 a.m.

Place: B1F., No. 56, Ln. 316, Ruiguang Rd., Neihu Dist., Taipei City 114 , Taiwan (R.O.C.)
(The Fist Conference Hall, Changhong Ruiguang Technology Building)

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Phonic Corporation

Procedure for 2023 Special Shareholders' Meeting

Method of Convening: **Physical Meeting**

Time: **August 31, 2023 (Tuesday) at 09: 00 a.m.**

Place: **B1F., No. 56, Ln. 316, Ruiguang Rd., Neihu Dist., Taipei City 114 , Taiwan
(Changhong Ruiguang Technology Building, the First Conference Hall)**

1. **Call the Meeting to Order**
(Report the total number of shares represented by shareholders present)
2. **Chairman Remarks**
3. **Discussion Items**
(1) To revise the Procedures for Acquisition or Disposal of Assets
4. **Extraordinary Motions**
5. **Adjournment**

Discussion Items

Proposal No. 1 (Proposed by the Board)

To revise the Procedures for Acquisition or Disposal of Assets

Explanation:

- (1) In order to meet the needs of the company's future business development, Phonic's Procedures for Acquisition or Disposal of Assets require amendments.
- (2) Comparative Table of Current and Amended Rules is attached as p.5 (Attachment 1).
- (3) Please proceed to discuss..

Resolution:

Extemporaneous Motions

Adjournment

Attachments

Attachment 1

**Phonic Corporation
Procedures for Acquisition or Disposal of Assets
(Comparative Table of Current and Amended Rules)**

Article	Amended Articles	Current Articles	Explanation
Article 10	<p>The upper limit for the Company and its subsidiaries to acquire marketable securities:</p> <p>1. The total amount of securities acquired by the company shall not exceed <u>150%</u> of the company's net value.</p> <p>2. The limit of the Company's acquisition of individual marketable securities shall not be higher than <u>100%</u> of the Company's net value.</p> <p>3. The total amount of securities acquired by a subsidiary shall not exceed 80% of the company's net value.</p> <p>4. The limit for a subsidiary to obtain individual marketable securities shall not be higher than 20% of the company's net value.</p> <p>The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted</p>	<p>The upper limit for the Company and its subsidiaries to acquire marketable securities:</p> <p>1. The total amount of securities acquired by the company shall not exceed <u>80%</u> of the company's net value.</p> <p>2. The limit of the Company's acquisition of individual marketable securities shall not be higher than <u>20%</u> of the Company's net value.</p> <p>3. The total amount of securities acquired by a subsidiary shall not exceed 80% of the company's net value.</p> <p>4. The limit for a subsidiary to obtain individual marketable securities shall not be higher than 20% of the company's net value.</p> <p>The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted</p>	<p>In order to meet the needs of the company's future business development, revise the quota for acquiring or disposing of securities.</p>

Article	Amended Articles	Current Articles	Explanation
	prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
Article 35	These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. The reformulated vision was made on June 17, 2022; <u>The first revision was made on August 31, 2023.</u>	These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. The reformulated vision was made on June 17, 2022.	The date of the first revision amendment shall be added

Appendices

Appendix 1

Phonic Corporation Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company shall be incorporated as a limited liability Company with shares defined by the Company Act and its name is “Phonic Corporation”.

Article 2 The scope of business of the Company shall be as follows:

1. Electrical Appliances and Audiovisual Electronic Products Manufacturing
2. Electronics Components Manufacturing
3. F401010 International Trade.
4. F106010 Hardware wholesale business.
5. F106020 Wholesale of daily necessities.
6. F113020 Wholesale of electrical appliances.
7. F206010 Hardware retailing.
8. F206020 Retailing of daily necessities.
9. F213010 Electrical appliance retailing.
10. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The Company may be a limited liability shareholder of another Company through a resolution of the board of directors, and its total investment may not be subject to the 40% limit of the Company’s paid-in share capital, but shall not exceed the Company’s paid-in share capital, unless otherwise stipulated by laws and regulations.
The resolution of the board of directors referred to in the preceding paragraph shall be attended by more than two-thirds of the directors and agreed by more than half of the directors present.

Article 2-2 The Company may provide external endorsements and guarantees in response to business needs.

Article 3 The Company shall have its head office in Taipei City and, if necessary, may set up branches domestically or overseas after the approval its Board of Directors and the authority.

Article 4 Public notices of the Company shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 5 The total capital amount of the Company shall be three hundred eighty million New Taiwan Dollars (NT\$380,000,000) accounting for thirty-eight million (38,000,000) shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments.

Article 6 Shares issued by the Company may be exempted from printing stock

certificates, but shall be registered with the centralized securities depository institution.

Article 7 Registration for transfer of shares shall all be suspended 60 days before the convocation of any ordinary shareholders' meeting, 30 days before the convocation of extraordinary shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company .

Article 8 The Company's stock affairs shall be handled in accordance with the " Regulations Governing the Administration of Shareholder Services of Public Companies " issued by the competent authority.

Article 9 (deleted)

Article 10 (deleted)

Article 11 (deleted)

Chapter 3 Shareholder Meeting

Article 12 The shareholders' meeting is divided into two kinds, ordinary meetings and temporary meetings; the convening of the meetings shall be convened in accordance with the relevant laws and regulations of the Republic of China.

Article 13 When the shareholders are unable to attend the shareholders' meeting, the power of attorney form provide by the Company shall specify the scope of authorization and entrust the agent to attend the meeting. The method of entrusting the shareholders to attend shall be handled in accordance with the provisions of the "Provisional Regulations on the Use of Public Companies to Attend Shareholders' Meetings" issued by the competent authority, besides to the provisions of Company Act.

Article 14 Each share has one voting right except for the case defined in Article 179 of Company Act

Article 15 When the shareholder meeting is held, the Company chairman shall be the meeting chairman. In the absence of the chairman of the board of directors, the chairman shall appoint one director to act as the agent. If not, the directors shall elect one director to represent. If the meeting is not convened by the board of directors, the meeting chairman could be the convener. When there are two or more concentrators, one of them should be elected to be the meeting chairman.

Article 16 Resolutions of the shareholders' meeting, unless otherwise provided by relevant laws and regulations, the resolution should be made by the agreement of more than half of the attending or by proxy voting shares, which are more than half of the issued shares.

Article 16-1 The shareholders' meeting of the Company can be held via video conference or through other methods as announced by the Ministry of Economic Affairs of Republic of China

Article 17 The resolutions of the shareholders' meeting shall be made into meeting records, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The minutes of the meeting shall record the date and place of the meeting, the name of the chairman, the number of shareholders present, the number of voting rights, the matters to be resolved and the method of resolution. The minutes of the meeting shall be kept permanently during the Company's existence, and the signature book of the attending shareholders and the power of attorney for attending the meeting shall be kept for one year.

Chapter 4 Board of Directors

Article 18 The Board of Directors of the Company shall consist of not less than 5 and not more than 7 Directors, and the Board of Directors is empowered to determine the number of Directors. The Directors shall serve a term of office of 3 years and are eligible for re-election and re-appointment, and shall be elected at a shareholders' meeting from candidates with disposing capacity. Among the above-mentioned number of directors, the number of independent directors shall not be less than two, and shall not less than one-fifth of the number of directors.

The candidate nomination system under Article 192-1 of the Company Act shall be adopted for the election of the Directors. The procedure, public notice, and other matters relating to the nomination of Independent Director candidates shall be subject to the Company Act, the Securities and Exchange Act, and other applicable laws and regulations.

Independent directors and non-independent directors shall be elected at the same time.

Ballots represent the candidate with the most voting rights. After being elected, the Board of Directors may decide on the scope of their responsibilities, subscribing liability insurance for the directors of the Company. The total shareholding ratio of all directors of the Company shall be in accordance with the regulations of the securities management authority.

Article 19 When vacancies on the Board of Directors reach one-third of the total number of Directors or when all independent Directors are removed from office, the Board of Directors shall within 60 days conduct a shareholders' meeting to elect new Directors to serve the remainder of the unexpired term.

Article 20 When the term of office of the director is expired but not till the re-election, he or she shall extend his or her duties until the re-election of the directors takes office.

Article 21 The Directors shall elect one of their number as the Chairman with the approval of a majority of the Directors present at a meeting of the Board of Directors at which at least two-thirds of the Directors are present. The Chairman shall execute all affairs of the Company in accordance with the laws, articles of Incorporation, resolutions of the shareholders meeting

and the board of directors meeting, and represent the Company externally.

Article 22 When the chairman asks for leave or is unable to exercise his powers for some reason, the chairman shall designate a director to act as his representative. If no appointment is made, the directors shall elect a person to act on his behalf.

Article 23 Unless otherwise stipulated by the Company Act, the meeting of the board of directors must be attended by more than half of the directors, and shall be held with the consent of more than half of the directors present. The directors are proxies to attend the board of directors. The meeting of the board of directors can be notified electronically.

Article 24 The Company has established an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee is composed of all independent directors and is responsible for performing the duties and powers of supervisors stipulated in the Company Act, the Securities and Exchange Act, and other laws and regulations.

Article 25 The remuneration of all directors is authorized to the board of directors to be negotiated according to the extent of their participation in the Company's operations and the value of their contributions, and with reference to the usual industry standards.

Chapter 5 Managers

Article 26 The Company may have the position of one General Manager, several Vice General Managers and Managers, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of Company Act.

Chapter 6 Accounting

Article 27 After the end of each fiscal year, the Board of Directors shall prepare the following documents, have them audited by the Audit Committee and submit them to a regular shareholders' meeting for recognition: (1) Business Report; (2) Financial Statements; and (3) Proposal for Distribution of Profit or Proposal for Deficit Compensation.

Article 28 The Company's annual pre-tax benefits of current period before deducting employee remuneration and director's remuneration shall allocate no less than 2% as employee remuneration and no more than 1% as director's remuneration. However, the company still has accumulated losses (including When adjusting the amount of undistributed surplus), the make-up amount should be retained first. The remuneration of employees mentioned in the preceding paragraph may be paid in stock or cash, and the recipients of the payment may include employees of affiliated companies who meet the requirements set by the board of directors. The remuneration of directors referred to in the preceding paragraph may only be paid in cash. The first two items shall be implemented by a resolution of the board of directors and reported to the shareholders' meeting.

Article 28-1 If there is a surplus in the Company's annual final accounts, it should first pay taxes and make up for the accumulated losses, and set aside 10% as the statutory surplus reserve in accordance with the law; however, when the accumulated statutory surplus reserve has reached the total paid-in capital of the Company, it will not be limited. However, the special surplus reserve shall be appropriated or reversed once in accordance with the laws or regulations of the competent authority. If there is still surplus, it shall be added to the undistributed surplus at the beginning of the period, for which the board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution before distribution.

Article 29 Dividend policy: The Company's dividends are based on the provisions of the Company Act and the Company's articles of association, in line with the Company's capital planning and the principle of achieving stable business goals. The process, method and amount of future dividend distribution are as follows:

1. Dividend distribution process:

The Company's dividend distribution process is at the end of each business year in accordance with the Company Act. The board of directors considers the Company's profit status and future operating needs, drafts a surplus distribution proposal, and submits it to the shareholders' meeting for approval.

2. Dividend distribution method:

The Company's dividend distribution methods will be combined with three methods: surplus capital increase, capital reserve capital increase and cash dividends.

3. Dividend distribution policy:

The Company's dividend distribution ratio is based on the principle of distributing cash dividends of not less than 20%, and the rest is distributed as stock dividends.

Chapter 7 Supplementary Provisions

Article 30 All matters not covered by these Articles of Incorporation shall be governed by the Company Act, and other applicable laws and regulations.

Article 31 These Articles of Incorporation were adopted on November 07, 1973.

The first amendment was made on September 29, 1976.

The second amendment was made on February 15, 1982;

The third amendment was made on January 29, 1988;

The fourth amendment was made on August 30, 1989;

The fifth amendment was made on November 11, 1990;

The sixth amendment was made on March 22, 2000;

The seventh amendment was made on May 20, 2000;

The eighth amendment was made on July 03, 2001;

The ninth amendment was made on May 31, 2002;

The tenth amendment was made on October 1, 2002;

The eleventh revision was made on April 28, 2003;

The twelfth amendment was made on June 16, 2004;

The thirteenth revision was made on May 18, 2005;
The fourteenth revision was made on May 19, 2006;
The fifteenth amendment was made on June 13, 2007;
The sixteenth amendment was made on June 16, 2009;
The seventeenth amendment was made on June 15, 2011;
The eighteenth amendment was made on June 15, 2012;
The nineteenth amendment was made on June 20, 2016;
The twentieth amendment was made on June 19, 2017;
The twenty-first amendment was made on June 10, 2020;
The twenty-second amendment was made on July 20, 2021;
The twenty-third amendment was made on June 17, 2022;
The twenty-fourth amendment is made on June 27, 2023.

Appendix 2

Phonic Corporation

Rules of Procedure for Shareholder Meetings

Article 1 To establish a good governance system, sound supervisory capabilities, and strong management capabilities for the Company's shareholders' meetings, and pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company adopts these Rule

Article 2 The Company's Rules of Procedure For Shareholders' Meetings shall, except as otherwise provided by law, regulations, or the Company's Articles of Incorporation, be as provided in these Rules

Article 3 (Convening shareholders' meetings and notices regarding shareholders' meetings)

Except where otherwise provided by law or regulations, the Company's shareholders' meetings shall be convened by the Board of Directors.

Changes in the manner of convening a shareholders' meeting must be made via resolutions of the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.

The Company shall prepare electronic versions of the notice of shareholders' meeting; proxy forms; and reasons for and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, and the election/dismissal of directors, and shall upload said materials to the Market Observation Post System (MOPS) at least 30 days before the date of a regular shareholders' meeting and at least 15 days before the date of a special shareholders' meeting. The Company shall also prepare electronic versions of the shareholders' meeting agenda book and the supplemental meeting materials and upload them to the MOPS at least 21 days before the date of a regular shareholders' meeting and at least 15 days before the date of a special shareholders' meeting. However, in the case of a TWSE or TPEX listed Company with paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent 45 fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held. In addition, at least 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda book and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda book and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

1. For in-person shareholders' meetings, these materials shall be distributed on-site at the meeting.
2. For hybrid shareholders' meetings, these materials shall be distributed on-site at the meeting and electronic files shall be shared on the virtual meeting platform.
3. For virtual-only shareholders' meeting, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the notice of meeting and public announcement. With the consent of the addressee, the notice of meeting may be given in electronic form. Election or dismissal of directors, amendments to the Company's Articles of Incorporation, reduction of capital, application for the approval of ceasing the Company's status as a public Company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting.

None of the above matters may be raised as an extemporary motion. Where both re-election of all directors and their inauguration dates are stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration dates may not be altered by any extemporary motion or otherwise in the same meeting. A shareholder holding one percent or more of the total number of issued shares may submit a proposal to the Company for discussion at a regular shareholders' meeting. The number of matters proposed is limited to one only, and no proposal containing more than one matter shall be included in the meeting agenda. When the circumstances of any Subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided that procedurally the number of matters proposed is limited to one only in accordance with Article 172-1 of the Company Act, and no proposal containing more than one matter shall be included in the meeting agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words shall be included in the meeting agenda. The shareholder making the proposal shall be present, in person or by proxy, at the regular shareholders' meeting and shall take part in discussion of the proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting

notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article.

With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

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

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

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two days before the date of the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles for determining the venue and time of a shareholders' meeting)

The venue for a shareholders' meeting shall be the Company's premises, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the venue and time of the meeting.

The restrictions on the venue of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 6: (Preparation of attendance books and other documents)

The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which attendance registrations for shareholders, solicitors and proxies (collectively referred to as "shareholders") will be accepted shall be

at least 30 minutes prior to the time the meeting starts. The place at which attendance registrations are accepted shall be clearly marked, and a sufficient number of competent personnel shall be assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration shall be deemed to have attended the shareholders' meeting in person.

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

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

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

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

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the date of the shareholders' meeting.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report, and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and shall make this information available until the end of the meeting.

Article 6-1 (Convening virtual shareholders' meetings and particulars to be included in shareholders' meeting notices)

To convene a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice:

1. How shareholders shall attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events. This shall cover, at a minimum, the following particulars:
 - (1) The time to which the meeting shall be postponed or from which time the meeting shall resume if the above obstruction continues and cannot be resolved, and the date to which the meeting shall be postponed or on which the meeting will resume.

- (2) Shareholders who have not registered to attend an affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (3) In the event of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if, after deducting those represented by shareholders attending the virtual shareholders' meeting online, the total number of shares represented at the meeting meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed to have abstained from voting on all proposals on that shareholders' meeting agenda.
 - (4) Measures to be taken if the outcome of all proposals has been announced but extemporary motions have not yet been proceeded with.
3. When the Company convenes a virtual-only shareholders' meeting, it furthermore shall at least provide shareholder connection equipment and necessary assistance, and specify the period during which shareholders may apply to the company and other relevant matters that should be paid attention by shareholders who have difficulty taking part in a virtual shareholders' meeting.

Article 7 (The chair and non-voting participants of a shareholders' meeting)

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the Chairman of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with the power to convene that is not the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, and related persons retained by it to attend a shareholders' meeting in a nonvoting

capacity, and to answer related questions during the proceedings.

Article 8 (Documentation of a shareholders' meeting via audio or video)

The Company shall make an uninterrupted audio and video recording of the shareholders' meeting, from the beginning to end, and shall retain the recording for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

For a virtual shareholders' meeting, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast, and results of votes counted by the Company, and shall make continuous and uninterrupted audio and video records of the proceedings of the virtual meeting, from beginning to end.

The information and audio and video recordings in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and the Company shall provide copies of the audio and video recordings to the party appointed to handle matters of the virtual meeting for retention.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated in accordance with the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised via correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement; there shall be no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to the conclusion of a meeting, the attending shareholders reach a majority of the total number of issued shares, the chair may resubmit the

tentative resolution for a vote by the shareholders' meeting in accordance with Article 174 of the Company Act.

Article 10 (Proposal Discussion)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extemporary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

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

When the chair is of the opinion that a proposal, its amendments, or extemporary motions put forward by the shareholders have been discussed sufficiently to put such to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 (Shareholder speeches)

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

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

Shareholders are allowed to speak or raise a question regarding the matters on the agenda only after all the matters on the agenda have been read out or reported by the chair or his/her/its appointee. A shareholder may not speak more than twice, and a single speech may not exceed five minutes. If a shareholder's speech violates the rules stipulated in the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.

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

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform, from the time the chair declares the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

If the question in the preceding paragraph does not violate the regulations or exceed the scope of the proposal, it is advisable to disclose the question on the video conferencing platform of the shareholders meeting for public awareness.

Article 12 (Calculation of voting shares and recusal system)

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

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

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the Company's interests, that shareholder shall not vote on that item, nor shall they exercise voting rights as proxy for any other shareholder.

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

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

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed to be non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means or by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

A shareholder exercising voting rights by correspondence or electronic means

shall be deemed to have attended the meeting in person, but to have waived his/her/its rights with respect to the extemporaneous motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

When voting, the chair or the person designated by him shall announce the total number of voting rights of the attending shareholders on a case-by-case basis, and the shareholders shall vote on a case-by-case basis, and on the day after the shareholders' meeting, the shareholders' approval, objection and abstention results shall be entered into the Market Observation Post System (MOPS).

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be the shareholders of the Company. Vote counting shall be conducted in public at the place of the shareholders' meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces that the voting session has ended, or they shall be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the in-person shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights via correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extemporaneous motions, they shall not exercise voting rights on the original proposals, make any amendments to the original proposals, nor exercise voting rights on amendments to the original proposal.

Article 14 (Matters related to election)

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the names of directors not elected and number of votes they received.

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

Article 15 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting, and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and, in the event of an election of directors, the number of voting rights won by each candidate shall also be disclosed. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is

convened, the chair's and secretary's full name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes. When convening a virtual-only shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes the alternative measures available to shareholders who have difficulties in attending a virtual-only shareholders' meeting online.

Article 16 (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the venue of the shareholders' meeting. In the event a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and make this information available until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented by the attending shareholders shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented by the attending shareholders is calculated and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs for a shareholders' meeting shall wear identification cards or arm bands.

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

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

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

Article 18 (Recess and resumption of a shareholders' meeting)

When a meeting is in progress, the chair may announce a break based on considerations of time. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items (including extemporaneous motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five (5) days in accordance with Article 182 of the Company Act.

Article 19 (Disclosure of information at virtual meetings)

In the event of a virtual shareholders' meeting, the Company shall in accordance with the regulations disclose real-time voting and election results immediately after the end of the voting session on the virtual meeting platform, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 (Location of the chair and secretary of virtual-only shareholders' meeting)

When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall announce said location's address when the meeting is called to order.

Article 21 (Handling of disconnection)

If the shareholders' meeting is held by video conference, the Company may provide shareholders with a simple connection test before the meeting, and provide relevant services immediately before the meeting and during the meeting to assist in dealing with technical problems in communication.

If the shareholders meeting is convened by videoconference, the chair shall, when announcing the opening of the meeting, separately announce that there is no need to postpone or continue the meeting, except for the circumstances stipulated in Article 44-24 of the Standards for the Handling of Stock Affairs of Public Offering Companies.

In the event of a virtual shareholders' meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for 30 minutes or longer, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

When a Company postpones or reconvenes a meeting under paragraph 2, shareholders who registered to take part by video conferencing in the originally scheduled shareholders' meeting and completed sign-in, but do not participate in the postponed or reconvened meeting, the number of shares represented by them and voting rights and election rights exercised by them shall be counted

toward the total number of shares, number of voting rights and number of election rights of shareholders represented at the postponed or reconvened meeting.

During a postponed or resumed session of a shareholders' meeting held under the paragraph 1, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in paragraph 2, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under paragraph 2 is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed to have abstained from voting on all proposals on that shareholders' meeting agenda.

When postponing or resuming a meeting in accordance with paragraph 2, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates and periods set forth under Article 12, second half, and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle such a matter based on the date of the shareholders' meeting that is postponed or resumed under paragraph 2.

- Article 22 (Handling of a virtual shareholders' meeting online)
When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.
- Article 23 These rules will be implemented after approval by the shareholders' meeting and the amendment will follow the same procedure
These rules were re-established on July 20, 2021;
The first revision was made on June 17, 2022;
The second revision was made on June 27, 2023.

Appendix 3

Phonic Corporation

Procedures for Acquisition or Disposal of Asset (Before Emended)

Chapter I General Principles

Article 1: These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act").

Article 2: The companies shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3: The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4: Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and

Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

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

1. May not have previously received a final and unappealable sentence to

imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.

3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 6: The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the audit committee and then by the board of directors, they shall be submitted a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee .

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full

consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

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

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7: The company shall specify the following items in its procedures for the acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures:

1. The scope of assets.
2. Appraisal procedures: Shall include the means of price determination and supporting reference materials.
3. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.
4. Public announcement and regulatory filing procedures.
5. Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary for business use, and limits on individual securities. (Please refer to the provisions of Article 3 of Chapter 2)
6. The company shall supervise the acquisition or disposal of assets of the subsidiaries, and its supervision and management shall be handled in accordance with the relevant regulations of the company and the "Procedures for Asset Acquisition & Disposal" of each subsidiary.
7. Relevant personnel violate the regulations or this procedure will be punished in accordance with the company's internal regulations..

Article 8: With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee. The board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a

resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 3 and 4.

Section II Acquisition or Disposal of Assets

Article 9: The company's procedures for asset acquisition & disposal is as follows:

1. Assessment and operating procedures: The company's acquisition or disposal of real property, equipment, or right-of-use assets shall be handled in accordance with the company's internal operating procedures.

2. Procedure for determining transaction conditions and authorization limit:

A. To acquire or dispose of real property, one should refer to the current value, appraised value, and actual transaction price of neighboring real property, etc., to decide the transaction conditions and transaction price, and prepare an analysis report and submit it to the chairman of the board. The amount is less than NT\$300 million (inclusive). , it shall be submitted to the chairman for approval and shall be reported to the latest board meeting afterwards; if the amount exceeds NT\$300 million, it shall be submitted to the board of directors for approval.

B. The acquisition or disposal of the right-of-use assets of the real property exceeding NT\$300 million shall be submitted to the chairman of the board of directors for approval and approved by the board of directors.

C. The acquisition or disposal of equipment or its right-of-use assets shall be made through price inquiry, price comparison, price negotiation or bidding. If it exceeds NT\$300 million, it shall be submitted to the chairman of the board for approval and submitted to the board of directors for approval.

3. Implementation department: When the company acquires or disposes of real property, equipment or its right-of-use assets, the responsible department shall be responsible for the execution.

The total upper limit of the non-operating real estate and its right-of-use assets acquired by the Company and its subsidiaries:

1. The total amount of non-operating real estate and right-of-use assets acquired by the company shall not exceed 20% of the company's net value.

2. The total amount of non-operating real estate and right-of-use assets acquired by a subsidiary company shall not exceed 20% of the company's net value.

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of

occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 10: The procedures for the company to acquire or dispose of securities are as follows:

1. Assessment and operational procedures: The purchase and sale of securities of the company shall be handled in accordance with the relevant internal operating regulations of the company.
2. Procedure for determining transaction conditions and authorization limit:
 - A. The purchase and sale of negotiable securities on Taiwan Stock Exchange or Over-the-counter shall be determined by the financial & accounting department according to the market conditions.
 - B. The purpose of acquiring or disposing of securities is for short-term capital transfer (including buying and selling short-term bills, bonds with repurchase/sell-back conditions, bond funds, money market funds and structured/linked time deposits with guaranteed capital, etc.), authorized by the chairman for approval.
 - C. For the sale and purchase of securities not on Taiwan Stock Exchange or Over-the-counter, the net worth per share, profitability and future development potential

should be considered. If the amount is less than NT\$50 million (inclusive) Approved and submitted to the latest board meeting after the event, together with an analysis report on unrealized profits or losses of marketable securities; if the amount exceeds NT\$50 million, it must be submitted to the board of directors for approval.

3. Implementation department: When the company invests in securities, the financial & accounting shall be responsible for the execution.

The upper limit for the Company and its subsidiaries to acquire marketable securities:

1. The total amount of securities acquired by the company shall not exceed 80% of the company's net value.

2. The limit of the Company's acquisition of individual marketable securities shall not be higher than 20% of the Company's net value.

3. The total amount of securities acquired by a subsidiary shall not exceed 80% of the company's net value.

4. The limit for a subsidiary to obtain individual marketable securities shall not be higher than 20% of the company's net value.

The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 11: The company's procedures for acquiring or disposing of intangible assets or their right-of-use assets or membership cards are as follows:

1. Assessment and operational procedures:

The company's acquisition or disposal of intangible assets or their right-of-use assets or membership cards shall be handled in accordance with the company's internal relevant operating procedures.

2. Procedure for determining transaction conditions and authorization limit:

A. To obtain or dispose of a membership card, the fair market value of the market shall be referred to, the transaction conditions and transaction price shall be determined, and an analysis report shall be prepared and submitted to the board of directors. If the amount is less than NT\$10,000,000 (inclusive), it shall be submitted

to the chairman for approval and shall be Subsequent to the latest board meeting, it shall be reported to the board of directors; if it exceeds NT\$10,000,000, it must be submitted to the board of directors for approval.

B. To acquire or dispose of intangible assets or their right-of-use assets, one should refer to expert evaluation reports or fair market prices, determine transaction conditions and transaction prices, and prepare an analysis report for submission to the chairman of the board. The amount should be less than NT\$50 million (inclusive). If it exceeds NT\$50,000,000, it shall be submitted to the chairman of the board for approval and shall be submitted to the latest board meeting after the event.

3. Implementation department: When the company acquires or disposes of real estate and equipment use rights assets, the responsible department shall be responsible for the execution.

Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 12: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13: Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section III Related Party Transactions

Article 14: When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

When judging whether a transaction counterparty is a related party, in addition to

legal formalities, the substance of the relationship shall also be considered.

Article 15: When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent 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 and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent

director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by audit committee and approved by the shareholders meeting or board of directors need not be counted toward the transaction amount.

Article 16: The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

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

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

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

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

Where the company acquires real property or right-of-use assets thereof from a

related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

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

Article 17: When the results of the company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

Article 18: Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. Audit committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

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

Section IV Engaging in Derivatives Trading

Article 19: The procedures of the company engaging in derivatives trading are as follow:

1. Trading principles and strategies

(1) Types of derivatives that may be traded:

(i) Types of derivatives that may be traded: the Company may engage any derivatives

(ii) Matters related to bond margin trading shall be handled in accordance with the relevant provisions of this handling procedure. The provisions of this procedure may not apply to bond transactions with buyback conditions.

(2) Operating or hedging strategies: The company engages in derivative commodity trading, which should be for the purpose of hedging. The trading commodities should be mainly used to avoid financial risks generated by the company's operation. The positions held must be in line with the actual needs of the company, in order to reduce the company's financial risk. Transactions for other specific purposes must be carefully evaluated and submitted to the board of directors for approval.

(3) Segregation of duties:

(i) Trader

A. Responsible for collecting market information, making trend judgments and risk assessments, and formulating operational strategies, which will be used as a basis for engaging in transactions after being approved by the responsible supervisor.

B. Execute the transaction according to the authorization authority and the established strategy.

C. When there are major changes in the financial market, when traders judge that the established strategy is no longer applicable, they can submit an evaluation report at any time, and re-draw the strategy.

(ii) Reviewer: Confirm the contents of the transaction contract with the financial institution.

(iii) Settlement Officer: Implement the settlement

(iv) Accounting: According to various documents, enter the account, and complete the relevant matters

(v) Internal Auditor: Auditing on derivatives transactions

(4) Derivative commodity transactions conducted by the company must be approved by the chairman of the board.

(5) Essentials of performance evaluation: Based on the difference between the transaction cost of the derivative and the market price or fair value plus the gain or loss during the holding period.

(6) Total contract amount and specific-purpose transaction loss cap:

(i) Total contract amount

A. Hedging transaction quota: The responsible unit should grasp the overall position of the company in order to avoid transaction risks, and the amount of hedging transactions should not exceed the overall net position of the

company.

B. Transactions for specific purposes: Based on the forecast of market changes, the responsible unit may formulate strategies as needed and submit them to the board of directors for approval before proceeding.

(ii) Loss cap for special purpose transactions

A. Total contract loss cap: 15% of the total contract amount.

B. Individual contract loss cap: 15% of the individual contract amount.

Article 20: The company engaging in derivatives trading shall adopt the following risk management measures:

1 Risk management scope :

(i) Consideration of credit risk :

As the market is subject to changes in various factors, it is easy to cause operational risks of derivative products. Therefore, in market risk management, the following principles are followed:

A. Counterparty: The counterparty of derivatives trading shall be the bank which has a business relationship with the Company or a prominent international financial institution which may provide professional information.

B. Derivatives: The derivatives traded commodities are those of banks that have business dealings with the company or international financial institutions that can provide professional information.

C. Amount: The unwritten transaction amount of the same transaction object shall not exceed 60% of the authorized total amount, unless approved by the competent authority authorized by the board of directors.

(ii) Consideration of market risk : Mainly based on the open trading market provided by financial institutions

(iii) Consideration of liquidity risk : In order to ensure market liquidity, the selection of derivative products should be based on higher liquidity. Financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in any market at any time.

(iv) Consideration of cash flow risk : The company's trading of derivatives for the purpose of hedging should take into account the capital needs of the forecasted cash receipts and payments in the next three months. Transactions for other specific purposes can only be carried out after the source of funds required for undertaking the undertaking is submitted to the board of directors for approval.

(v) Consideration of operating risk :The company's authorization limit, operating procedures and internal auditing should be strictly followed to avoid operational risks.

(vi) Consideration of commodity Risk : Internal traders should have complete and correct professional knowledge of financial products, and require financial

institutions to fully disclose risks to avoid misuse of financial product risks.

(vii) Consideration of legal risks :Documents signed with financial institutions should be reviewed by professionals in foreign exchange and legal affairs before they can be formally signed to avoid legal risks.

2.Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

3.Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

4.Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

5. Internal audit system: handle in accordance with the provisions of Article 22.

Article 21: Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1.Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

2.Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1.Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

2.When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 22: The public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of

directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.

The public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.

Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 23: The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 24: The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 25: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants

consent.

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

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

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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

Article 26: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 27: The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting

alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

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

Article 28: The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

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

Article 29: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 30: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not the company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

Chapter III Public Disclosure of Information

Article 31: Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

2. Merger, demerger, acquisition, or transfer of shares.

3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

A. The company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

B. The company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

A. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.

B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

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

The public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except

where another act provides otherwise.

Article 32: Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

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

Chapter IV Additional Provisions

Article 33: Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.

The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 31, paragraph 1.

Article 34: For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 35: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. The reformulated vision was made on June 17, 2022.

Appendix 4

Current Shareholding of Directors

1. The quorum and number of shares of the Company's current active directors are as follows:

Total number of common shares issued: 20,000,000 shares

Minimum shares required to be held by all Directors: 2,400,000 shares

2. As of August 2, 2023, the book closure date of 2023 Special Shareholders' Meeting, total shares held by all directors of the Company has reached the legal requirements:

Position	Name	Number of shares held as of book closure date
Chairman	Kangjian Investment Co., Ltd. Representative: Chou, Chin-Wen	11,636,315
Director	Kangjian Investment Co., Ltd. Representative: Tang, Hung-Hsiang	11,636,315
Director	Kangjian Investment Co., Ltd. Representative: Wang, Min-Lie	11,636,315
Director	Kangjian Investment Co., Ltd. Representative: Yang, Dun-Huei	11,636,315
Independent Director	Chiu, Li-Mei	0
Independent Director	Lin, Ying-Che	0
Independent Director	Yao, Shun-Yen	0
Total number of shares held by all Directors (excludes independent directors)		11,636,315