

## Handbook for 2022 Annual Shareholders' Meeting (Translation)

Method of Convening the Meeting : Physical shareholders' meeting

Time: June 9, 2022 9:00AM

Location: Darwin, 2F, No.1, Gongye E. 2nd Rd.,  
Hsinchu City 300, Taiwan (R.O.C.)



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## **Meeting Agenda**

### **Meeting Agenda for 2022 Annual Shareholders' Meeting**

Time : 9:00AM June 9, 2022

Method of Convening the Meeting : Physical shareholders' meeting

Location : Darwin, 2F, No.1, Gongye E. 2nd Rd., Hsinchu City 300, Taiwan (R.O.C.)

1. Attendance: shareholders and representatives.
2. Chairman: Chairman Genda Hu
3. Announce the start of the meeting(report the number of shares attended)
4. Chairman's speech
5. Matters for Report
  - (1) 2021 business report
  - (2) Audit committee review report
  - (3) Report of 2021 Employees and Directors Compensation Distributions
  - (4) Status report of the company's share buyback program
6. Matters for Ratification
  - (1) Adoption of 2021 business report and financial statements
  - (2) Adoption of the proposal for distribution of 2021 profits
7. Matters for Discussion
  - (1) Amendment to the "Articles of Incorporation"
  - (2) Amendment to the "Rules of Procedure of Shareholders' Meeting"
  - (3) Amendment to the "Procedures for Acquisition and Disposal of Assets"
8. Elections
  - (1) By-election for one director
9. Other Proposals:
  - (1) To release the prohibition on Directors from participation in competitive business
10. Extempore Motions
11. Adjournment

## **Matters for Report**

Report item (1)

Subject: 2021 Business Report

Descriptions: 2021 Business Report is attached on page 12~14, Attachment 1.

Report item (2)

Subject: Audit Committee Review Report

Descriptions: Audit Committee Review Report is attached on page 15, Attachment 2.

Report item (3)

Subject: Report of 2021 Employees and Directors Compensation Distributions

Descriptions:

- (1) According to Article 26-1 of the Articles of Incorporation, if there is an annual profit, no less than 1% of the profit shall be allocated as employee compensation, and no more than 1.5% of the profit shall be allocated as directors' compensation.
- (2) After the resolution of the board of directors, the total remuneration for employees of the company in 2021 was NT\$316,729,995 and the total remuneration for directors was NT\$30,000,000, and all were paid in cash.

Report item (4)

Subject: Status report of the company's share buyback program

Descriptions:

(1) please refer the table below:

Record Date: April 19, 2022

Buy-Back Batch	6th
Board of Directors Resolution Day	2022/02/23
The Purpose for Buying	Transfer shares to employees
Planned Buying Back Period	2022/02/24~2022/04/23
Upper Limit of Dollar Amount to Be Used for Buying Back Shares	NT\$9,825,424,000
Share Type and Quantity Planned to Buy Back	4,000,000 shares of common stock
Planned Price Range for Buying Back	NT\$103- NT\$231, but will continue to buy back shares, once the stock price is under the minimum of planned range
Actual Buying Back Period	2022/04/06~2022/04/19
Quantity and Type of Shares Bought Back	4,000,000 shares of common stock
Actual Dollar Amount Used for Buying Back	NT\$507,620,748
Average Share Bought Price	NT\$126.91
Execution Result of Buying Back Program	Completely bought back during the planned buy-back period.
Shares Eliminated and Transferred	0 shares of common stock
Cumulative Holding Quantity of Company Shares	4,000,000 shares of common stock
Proportion of Cumulative Holding Quantity of Company Shares in the Total Issued Shares	1.85%

(2) The Transferring Rule to employees of the 6<sup>th</sup> Share Buy-Back Program is attached on page 16~17, Attachment 3.

## Matters for Ratification

Ratification item (1):

[Proposed by the Board]

Subject: Adoption of the 2021 Business Report and Financial Statements

Descriptions:

- (1) FocalTech 2021 business report and financial statements had been approved by the Board and the financial statements were audited by independent auditors Miss Shioh-Ming Shue and Mr. Chih-Ming Shao of Deloitte & Touche.
- (2) 2021 business report, independent auditor report and financial statements are attached on page 12~14, Attachment 1 and attached on page 18~35, Attachment 4.

Resolution:

Ratification item (2):

[Proposed by the Board]

Subject: Adoption of the proposal for distribution of 2021 profits

Descriptions:

- (1) The 2021 net profit after tax was NTD 6,112,935,318. After adding the remeasurement of defined benefit plans NTD 645,999 and eliminating (1) the changes in ownership interests in subsidiaries of NTD 257,630, (2) the deduction of the statutory surplus reserve of NT\$611,332,369 and (3) the special surplus reserve of NT\$89,163,560 according to the law, and additional undistributed earnings at year beginning of NTD 88,755,662, the available distributable earnings was NTD 5,501,583,420.
- (2) The 2021 distributable cash bonus to shareholders is NTD 3,400,000,000. Based on the company's 216,434,650 common shares outstanding on April 15, 2022, a cash dividend of approximately NT\$15.71 per share is allocated.
- (3) After the proposal has been approved by the shareholder's meeting, the Chairman is authorized to determine the cash dividend record date and payment date for processing. In the future, if the treasury shares are bought back, or the treasury shares are transferred or cancelled, issuance or cancel of employee restricted stocks awards, and the exercise of employee stock options, it is necessary to cancel shares or issue new shares, which will affect the total number of outstanding shares of the company. If the dividend rate changes as a result due to the outstanding share amount change, it is proposed to request the shareholder's meeting to authorize the chairman to adjust it. The total amount of cash dividends

distributed by each shareholder is round down to NT dollar. The gap between actual payments and distribution proposal will be accounted to other income of the company.

(4) 2021 Profit Distribution Table is attached on page 36, Attachment 5.

Resolution:

## **Matters for Discussion**

Discussion item (1):

[Proposed by the Board]

Subject: Discussion for the amendment to the “Articles of Incorporation”

Descriptions:

- (1) In accordance with the actual operation of the company and required by the competent authority, it is proposed to amend parts of “Articles of Incorporation”.  
Article 2 : Required by the competent authority, the business scopes of the Company are stated in the codes and business types.  
Article 3 : Due to the acquisition of the commercial building for own-use, the registered location of the Company will be changed to Hsinchu County.  
Article 6 : Required by the competent authority, to comply with the provisions of Article 162 of the Company Law.  
Article 10-1 : The shareholders’ meeting of the Company can be held via video conference or through other methods as announced by the central competent authority.
- (2) Amended paragraph comparison table is attached on page 37~38, as attachment 6.

Resolution:

Discussion item (2):

[Proposed by the Board]

Subject: Discussion for the amendment to the “Rules of Procedure for Shareholders’ Meeting”

Descriptions:

- (1) In accordance with the revision of laws and regulations, it is proposed to revise part of "Rules of Procedure for Shareholders' Meetings" of the company.
- (2) Amended paragraph comparison table is attached on page 39~50, as attachment 7.

Resolution:



Discussion item (3):

[Proposed by the Board]

Subject: Discussion for the amendment to the “Procedures for Acquisition and Disposal of Assets”

Descriptions:

- (1) In accordance with the revision of laws and regulations, it is proposed to revise part of " Procedures for Acquisition and Disposal of Assets " of the company.
- (2) Amended paragraph comparison table is attached on page 51~58, as attachment 8.

Resolution:

## Elections:

Election item (1):

[Proposed by the Board]

Subject: By-election for one director

Descriptions:

- (1) Due to the dismissals of 2 directors of the Company, Sense Media Company Ltd. (Representative : George Chang) and James Liao, 1 seat will be by-elected for the board of directors. According to Article 16, the company's directors number should between 7-9 seats (7seats currently, and 8 seats after by-election).
- (2) The new director shall be appointed immediately after the election, and the term of the new director will be the same as the current directors, which will expire on June 19, 2023.
- (3) The list of director candidate of the Company which was approved by the board of directors on April 25, 2022, as following:

Director Candidate List

Title	Name	Gender	Education Background, Experience and Present Position	Number of Shares Held
Director	Acer Incorporated (Representative : Jason Chen)	Male	Education : MS in Business Administration, Missouri Columbia University Experience : Senior Vice President of Worldwide Sales and Marketing, TSMC Current position : Chairman & CEO of Acer Incorporated	7,537,688

- (4) Rules for Election of Directors is attached on page 69~70, as appendix 2.

Election results:

## **Other Proposals**

Other item (1):

[Proposed by the Board]

Subject: To release the prohibition on Directors from participation in competitive business

Descriptions:

- (1) In accordance with Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
- (2) As the director candidate of the Company, Acer Incorporated (Representative : Jason Chen), it is proposed to release the prohibition on Directors to act as the Directors or managers in other company with similar or same business scope as the company, due to business needs, without compromising the interests of the company.
- (3) The list to be released is attached on page 59~60, as attachment 9.

Resolution:

**Extempore Motions**

**Adjournment**

## **Attachment**

### Attachment 1

## **FocalTech Systems Co., Ltd. 2021 Business Report**

With the impact of the COVID-19 pandemic, people's lifestyles have changed dramatically since 2020, and new business models and different consumers' needs have also been activated accordingly. For example, the rise of work-from-home and distance learning has led to a significant increase in the demand for consumer electronics. Besides this, being driven by trends such as the expansion of 5G-powered mobile apps, the introduction of AMOLED under-screen fingerprint displays, the increase in the number of smartphone camera lenses, etc., and the use of wafers has also increased remarkably. In 2021, as COVID-19 vaccines became more widely available and the pandemic was gradually brought under control, the world economy and consumption potential expanded rapidly, which worsened the situation of the wafer capacity shortage. Through early production capacity deployment and adjustments in 2020, FocalTech remains capable of meeting the strong, new market demand when faced with the difficult situation of wafer capacity shortages.

FocalTech expanded its foundry partnership in 2021, and collaborated with partners on the adjustment of processes and yields to meet brand customers' needs with high-quality products. Our annual IDC shipments in 2021 exceeded 210 million units, showing an increase when compared with 2020, by which both revenue and profits hit record highs. This is an achievement we would like to share with all shareholders and employees.

According to the statistics compiled by Omdia, a research and survey agency, global smartphone shipments in 2021 were 1.34 billion units. Since full in-cell panels have become the mainstream LCD technology for smartphones, its market share grew by nearly 60% in 2021, continuing to expand the overall market size of "Integrated Driver Controllers (IDCs, also known as TDDI)." The brilliant operating performance demonstrated in 2021 is the best proof of FocalTech's success in its long-term commitment in the R&D of this technology.

Meanwhile, due to the tight foundry capacity and rising product demand, the IDC product's quoted price has begun to increase significantly since the fourth quarter of 2020, which brought a positive influence to FocalTech's gross profit margin. FocalTech's 2021 gross profit margin reached 48.79%, indicating an increase of 23.94% compared with 2020. The annual net income was NT\$6.097 billion, representing a new historical record. The earnings per share were NT\$30.23 calculated on a weighted average capital basis.

In addition to the noteworthy development in the IDC market, FocalTech has also become a major supplier of AMOLED products in the world with its leading technology in human-machine interface touch products, which has also brought considerable help to the company's growth. As an important supplier of AMOLED Touch Controller ICs for

global mainstream panel factories, FocalTech's shipments of such products multiplied in 2021. The relevant technology has also been successfully promoted in the application of products other than smartphones, such as wearable devices, tablets, eBooks, etc. Moreover, FocalTech's innovative touch gesture and click technology have also been successfully applied in stylus tablets. Touch pad and wearable device product lines also demonstrated excellent performance in 2021 after years of effort.

In terms of capacitive fingerprint products, FocalTech's 2021 fingerprint product shipments exceeded 10 million pieces, showing that successful mass production for top smartphones and computer brands has been achieved. Our fingerprint, touch, and display products have provided brand customers with complete solutions, facilitating a holistic collaboration between the company and critical customers, and providing more competitive product portfolios to reduce supply chain complexity and development costs. The company has extended deployment in the field of fingerprint technology by continuously improving product performance and developing new technology applications for different scenarios.

With the aim of maintaining its position as the world's leading human-machine interface manufacturer for mobile devices, FocalTech continues to increase R&D investment and retain talents for the enhancement of R&D capabilities. The 2021 R&D expenses were as high as NT\$2.409 billion, indicating an increase of nearly 50% compared with 2020, and accounting for 10.96% of the annual revenue. The number of patent applications lodged by FocalTech in 2021 was 80, and the number of patent certifications obtained was 75, showing FocalTech's persistence in realizing the value of innovation and R&D with practical actions.

In regards to product and technology deployment, FocalTech is continuing its IDC product market expansion; with respect to mobile devices, in order to respond to the needs of display panels with full screen and high frame rate, FocalTech has developed fan-type and high frame rate display products, which have successfully entered the mass production stage in the first half of 2022. In terms of full, in-cell panels used for automobiles, as the market penetration rate of electric vehicles begins to rise, FocalTech's vehicle IDC shipments in 2021 totaled nearly 4 million units, attaining the largest market share. In addition, the full in-cell technology developed for tablets to support stylus applications can offer multi-protocol compatibility. As for smart wearable devices—AMOLED products, in order to respond to the new technological needs for reducing the quantity and size of components inside the end products, FocalTech has developed new-generation IDC chips where display and touch controller chip are integrated, by which the company's leading position in the market has been maintained.

Looking ahead to 2022, although the impact of the COVID-19 and worries arising from political disputes around the world still exist, wafer capacity constraints have been gradually eased, and smartphones technology and panel capacity have also been relocated among different regions. With stable and innovative management guidelines, FocalTech

will continue to facilitate the growth of IDC products in non-cell phone and medium/large devices markets. Furthermore, with technology deployment in the trendy AMOLED touch controller panel and display IC combined with fingerprint identification and other technologies, FocalTech's business operations will be further enhanced. More importantly, FocalTech will adhere to the core value of being a leading manufacturer for human-machine interface solutions, and continue to accumulate technologies and intellectual properties to maintain its lead position in industrial technology. FocalTech will keep creating the maximum value for all shareholders to thank you for your continued support and trust.

Chairman and President:



Accountant Officer:



Attachment 2

**FocalTech Systems Co., Ltd.  
Audit Committee' Review Report**

The Board of Directors has prepared the 2021 Business Report, Financial Statements, and proposal for earnings distribution of the Company. The CPA firm of Deloitte & Touche was appointed to audit the Company's Financial Statements and has issued an audit report accordingly. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed by the Audit Committee of the Company and determined to be correct and accurate. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2022 Regular Shareholders Meeting, FocalTech Systems Co., Ltd.



Chairperson of Audit Committee: Chan-Jane Lin  
April 25, 2022

**FocalTech Systems Co., Ltd.**

**The Transferring Rule to employee of the 6<sup>th</sup> Share Buy-Back Program**

Article One:

To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, FocalTech (the Company) establishes the “Transferring Rule of the 6<sup>th</sup> Share Buy-Back Program” (this procedure). The repurchased shares will be transferred to employees according to related laws and this procedure.

Article Two:

The shares to be transferred are the common shares with the same right and obligation as other outstanding shares except defined and ruled by related laws and this procedure.

Article Three:

The repurchased shares could be transferred to employees in five years from the buying back day in one or multiple batches.

Article Four:

On the record date, the employees officially hired by the Company or the Company’s subsidiaries, 50% or more owned by the Company directly or indirectly, are entitled to subscribe the shares specified in article five of this procedure.

Article Five:

The shares allocated to eligible employees would be based on job grade, seniority and contribution level to the Company, which needs Chairman and the Board of Directors approvals. Allocation and subscription of Board members and General Manager would need the Compensation Committee’s approval.

Article Six:

The transfer procedure:

- According to the previous board resolution, announcement and application, the shares are purchased from the market during the repurchase period.
- The Chairman is authorized under this procedure to establish and announce the subscription record date, the subscription amount, the payment period, the rights contents and restrictions etc.
- Calculate the actual share amounts with payments and transfer the shares accordingly.

Article Seven:



The transfer price to employees for the shares comes from the average actual repurchase price. However, prior to the transfer, in the event of an increase or decrease in the number of outstanding common shares issued by the company, the transfer price may be adjusted according to the increase or decrease pro-rata.

Or according to the articles of incorporation of the company, if the transfer price is planned to be lower than the actual repurchase price, the special shareholder meeting resolution, 2/3 voting approval with more than 50% shareholder representatives attending, is required. The agenda of the shareholder meeting should include the description defined by “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” Article 10-1.

Transfer price adjustment formula:

Adjusted Transfer Price = the average price of the actually bought back shares X (the total number of common shares that have been issued at the time of repurchasing the shares ÷ the total number of common shares that have been issued when the repurchased shares are transferred to employees)

Remark: the total common shares should exclude those the Company bought back.

Article Eight:

After the repurchased shares are being transferred and registered under employees' names, unless otherwise specified, the rights and obligations of the shares are the same as the other common shares.

Article Nine:

The shares bought back should be transferred in full within five years from the date of purchase. Overdue non-transferred parts shall be regarded as unissued shares of the company and shall be cancelled in accordance with the law.

The eligibility of subscription be disqualified if the employee leaves during the subscription base date to the subscription payment due date.

Employees who have not subscribed for payment at the end of their payment period shall be deemed to have abstained from the grant; the Chairman shall be authorized to contact other employees to purchase the unsubscribed shares.

Article Ten:

This procedure is valid by the approval of the Board of Directors but should be reported in the Shareholder's meeting. This rule shall be applied to any amendments.

Article Eleven:

This procedure was established on February 23, 2022.

## **Independent Auditors' Report and Consolidated/Unconsolidated Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
FocalTech Systems Co., Ltd.

#### **Opinion**

We have audited the accompanying balance sheets of FocalTech Systems Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

Key audit matters for the Company's financial statements in the current period are stated as follows:

##### Sales Revenue

The sales revenue of Integrated Driver Controller is the main indicator of financial and business performance evaluated by investors and the management. It possibly exists the pressure to achieve the financial target, and it might result in the risk of the occurrence of sales revenue. Therefore, the sales revenue of Integrated Driver Controller is listed in

the Key Audit Matters of 2021.

Refer to Notes 4,22 for the accounting policy, accounting estimation and disclosure information.

Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We evaluated the design of internal control related to sales and collection cycle and the implement of the internal control.
2. We obtained customer ranking list in 2021, and analyze the differences of customers and its sales amount.
3. We analyzed if the sales quantities, sales revenue and gross margin by products existed material exception.
4. We sampled purchase orders, shipping documents bills of lading, and collection records in revenue breakdown to ensure the occurrence of sales revenue.

### **Responsibilities of Corporate Management and Governance hierarchy For the Financial Statements**

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

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

Corporate governance level (including members of the Audit Committee) is responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

- internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the years ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shioh-Ming Shue and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2022

**FOCALTECH SYSTEMS CO., LTD.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 4 and 6)	\$ 5,073,919	21	\$ 2,455,926	21
Financial assets at fair value through profit or loss -current (Note 4 and 7)	119,218	1	-	-
Accounts receivables, net (Note 4 , 9 and 30)	2,910,667	12	1,445,186	12
Inventories (Note 4 and 10)	2,654,159	11	1,215,281	11
Other financial assets (Note 4 and 8)	3,086,830	13	170,880	2
Other current assets (Note 24 and 30)	<u>162,403</u>	<u>1</u>	<u>162,403</u>	<u>1</u>
Total current assets	<u>14,058,343</u>	<u>59</u>	<u>5,449,676</u>	<u>47</u>
<b>NON-CURRENT ASSETS</b>				
Financial asset at fair value through profit or loss - non-current (Note 4 and 7 )	284,271	1	97,139	1
Investments accounted for using equity method (Note 4 and 11)	4,050,456	17	4,537,073	39
Property, plant and equipment (Note 4 and 12)	1,197,523	5	15,226	-
Goodwill (Notes 4 and 13)	1,237,268	6	1,237,268	11
Other intangible assets (Notes 4 and 14)	44,181	-	59,498	-
Deferred income tax assets (Notes 4 and 24)	4,857	-	65,898	1
Refundable deposits(Notes 15)	<u>2,826,852</u>	<u>12</u>	<u>145,604</u>	<u>1</u>
Total non-current assets	<u>9,645,408</u>	<u>41</u>	<u>6,157,706</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 23,703,751</u>	<u>100</u>	<u>\$ 11,607,382</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 480,000	4
Accounts payables (Note 17 and 30)	2,824,379	12	1,936,299	17
Other payables (Note 18)	416,425	2	339,556	3
Current tax liabilities (Note 4 and 24)	1,366,072	6	108,514	1
Other current liabilities(Note 22 and 30)	<u>211,959</u>	<u>1</u>	<u>360,915</u>	<u>3</u>
Total current liabilities	<u>4,818,835</u>	<u>21</u>	<u>3,225,284</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	786,400	3	-	-
Deferred income tax liabilities (Notes 4 and 24)	51,584	-	53,213	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	22,140	-	23,366	-
Guarantee deposits received(Notes 20)	4,388,290	19	482,276	4
Other non-current liabilities	<u>10,400</u>	<u>-</u>	<u>10,400</u>	<u>-</u>
Total non-current liabilities	<u>5,259,254</u>	<u>22</u>	<u>569,255</u>	<u>5</u>
Total liabilities	<u>10,078,089</u>	<u>43</u>	<u>3,794,539</u>	<u>33</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 , 21 and 26)</b>				
Share capital				
Ordinary shares	<u>2,162,367</u>	<u>9</u>	<u>2,103,532</u>	<u>18</u>
Capital surplus				
Additional paid-in capital	4,737,390	20	4,725,445	41
Treasury shares	79,917	-	69,361	1
Employee share options	65,873	-	14,903	-
Restricted stock for employees	1,145,555	5	-	-
Employee share options - expired	<u>34,134</u>	<u>-</u>	<u>33,933</u>	<u>-</u>
Total capital surplus	<u>6,062,869</u>	<u>25</u>	<u>4,843,642</u>	<u>42</u>
Retained earnings				
Legal reserve	101,230	-	-	-
Special reserve	122,316	1	-	-
Undistributed earnings	<u>6,202,079</u>	<u>26</u>	<u>1,012,301</u>	<u>8</u>
Total retained earnings	<u>6,425,625</u>	<u>27</u>	<u>1,012,301</u>	<u>8</u>
Other equity				
Exchange differences from translating the financial statements of foreign operations	(211,648)	(1)	(125,038)	(1)
Unrealized loss on financial assets at fair value through other comprehensive income	169	-	2,722	-
Unrealized employee compensation	<u>(813,720)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total other equity	<u>(1,025,199)</u>	<u>(4)</u>	<u>(122,316)</u>	<u>(1)</u>
Treasury shares	-	-	<u>(24,316)</u>	<u>-</u>
Total equity	<u>13,625,662</u>	<u>57</u>	<u>7,812,843</u>	<u>67</u>
<b>TOTAL</b>	<u>\$ 23,703,751</u>	<u>100</u>	<u>\$ 11,607,382</u>	<u>100</u>

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

## FOCALTECH SYSTEMS CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUE (Note 4 ,22 and 30)	\$ 18,335,785	100	\$ 11,410,350	100
COSTS OF SALES (Notes 4,10,23 and 30)	<u>(8,831,939)</u>	<u>(48)</u>	<u>(8,811,546)</u>	<u>(77)</u>
GROSS PROFIT	<u>9,503,846</u>	<u>52</u>	<u>2,598,804</u>	<u>23</u>
OPERATING EXPENSES (Notes 23,26, 27 and 30)				
Selling and marketing expenses	(199,670)	(1)	(186,571)	(2)
General and administrative expenses	(325,796)	(2)	(225,572)	(2)
Research and development expenses	<u>(1,247,606)</u>	<u>(7)</u>	<u>(958,867)</u>	<u>(8)</u>
Total operating expenses	<u>(1,773,072)</u>	<u>(12)</u>	<u>(1,371,010)</u>	<u>(12)</u>
OPERATIONS INCOME	<u>7,730,774</u>	<u>42</u>	<u>1,227,794</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 23)	(8,130)	-	(1,892)	-
Share of loss of subsidiaries and joint ventures(Note4)	(649,268)	(4)	(16,072)	-
Interest income (Note 4)	9,364	-	6,297	-
Gain (Loss)n on financial assets and liabilities at fair value through profit or loss (Notes 4)	87,748	1	(2,484)	-
Other gains and losses, net	373,371	2	(19,784)	(1)
Loss on foreign currency exchange(Note 4)	<u>(67,933)</u>	<u>-</u>	<u>(17,880)</u>	<u>-</u>
Total non-operating income and expenses	<u>(254,848)</u>	<u>(1)</u>	<u>(51,815)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX	7,475,926	41	1,175,979	10
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(1,362,991)</u>	<u>(8)</u>	<u>(163,987)</u>	<u>(1)</u>
NET INCOME	<u>6,112,935</u>	<u>33</u>	<u>1,011,992</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	751	-	359	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>(105)</u>	<u>-</u>	<u>(50)</u>	<u>-</u>
	<u>646</u>	<u>-</u>	<u>309</u>	<u>-</u>

(Continued)

## FOCALTECH SYSTEMS CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	2021		2020	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences from translating the financial statements of foreign operations (Notes 4)	\$ (89,163)	-	\$ (128,123)	(1)
Total other comprehensive Loss (net of income tax)	<u>(88,517)</u>	<u>-</u>	<u>(127,814)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 6,024,418</u>	<u>33</u>	<u>\$ 884,178</u>	<u>8</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 30.23</u>		<u>\$ 3.97</u>	
Diluted	<u>\$ 28.62</u>		<u>\$ 3.73</u>	

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

(Concluded)

**FOCALTECH SYSTEMS CO., LTD.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Other Equity				Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences from Translating Financial Statement of Foreign Operations	Unrealized Gains(losses) on Financial Assets at Fair Value through Other comprehensive income	Unearned employee compensation	Treasury Shares	
BALANCE, JANUARY 1, 2020	\$ 2,996,759	\$ 5,145,377	\$ -	\$ -	\$ (183,307)	\$ 4,057	\$ 1,750	\$ -	\$ (267,158)	\$ 7,697,478
Capital surplus used to cover accumulated deficits	-	(183,307)	-	-	183,307	-	-	-	-	-
Cash distribution from additional paid-in capital	-	(150,000)	-	-	-	-	-	-	-	(150,000)
Net income for the year ended December 31, 2020	-	-	-	-	1,011,992	-	-	-	-	1,011,992
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	309	(129,095)	972	-	-	(127,814)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,012,301	(129,095)	972	-	-	884,178
Reduction of capital (Note 21)	(899,721)	-	-	-	-	-	-	-	5,191	(894,530)
Treasury shares transferred to employees (Note 21 and 26)	-	1,228	-	-	-	-	-	-	237,651	238,879
Compensation cost of employee share options (Note 21 and 26)	-	21,279	-	-	-	-	-	-	-	21,279
Issuance of ordinary shares from exercise of employee share options (Note 21 and 26)	6,494	9,065	-	-	-	-	-	-	-	15,559
BALANCE AT DECEMBER 31, 2020	2,103,532	4,843,642	-	-	1,012,301	(125,038)	2,722	-	(24,316)	7,812,843
Appropriation of 2020 earnings										
Legal reserve	-	-	101,230	-	(101,230)	-	-	-	-	-
Special reserve	-	-	-	122,316	(122,316)	-	-	-	-	-
Cash dividends	-	-	-	-	(700,000)	-	-	-	-	(700,000)
Net income for the year ended December 31, 2021	-	-	-	-	6,112,935	-	-	-	-	6,112,935
Other comprehensive loss for the year ended December 31, 2021 net of income tax	-	-	-	-	646	(86,610)	(2,553)	-	-	(88,517)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	6,113,581	(86,610)	(2,553)	-	-	6,024,418
Compensation cost of employee share options (Note 21 and 26)	-	66,351	-	-	-	-	-	-	-	66,351
Treasury shares transferred to employees (Note 21 and 26)	-	1,947	-	-	-	-	-	-	23,945	25,892
Treasury shares retired	(119)	(252)	-	-	-	-	-	-	371	-
Changes in ownership interests in subsidiaries	-	-	-	-	(257)	-	-	-	-	(257)
Issuance of ordinary shares from exercise of employee share options (Note 21 and 26)	3,764	5,626	-	-	-	-	-	-	-	9,390
Issuance of restricted stock for employees (Note 4, 21 and 26)	55,190	1,145,555	-	-	-	-	-	(1,145,555)	-	55,190
Compensation cost of restricted stock of employees (Note 4, 21 and 26)	-	-	-	-	-	-	-	331,835	-	331,835
BALANCE AT DECEMBER 31, 2021	\$ 2,162,367	\$ 6,062,869	\$ 101,230	\$ 122,316	\$ 6,202,079	\$ (211,648)	\$ 169	\$ (813,720)	\$ -	\$ 13,625,662

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



# FOCALTECH SYSTEMS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operation	\$ 7,475,926	\$ 1,175,979
Adjustments for:		
Depreciation expenses	18,470	10,567
Amortization expenses	15,317	15,609
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(87,748)	2,484
Finance costs	8,130	1,892
Interest income	(9,364)	(6,297)
Compensation cost of employee share options	27,008	12,433
Compensation cost of restricted stock to employees	204,457	-
Share of loss of subsidiaries and joint ventures	649,268	16,072
Loss on disposal of investments	183,272	40,928
Reversal of write-down of inventories	(319,202)	(131,157)
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(35,330)	(112,702)
Accounts receivables	(1,465,481)	(904,632)
Inventories	(1,119,676)	(467,009)
Other current assets	(50,351)	77,154
Accounts payables	888,080	1,235,756
Other payables	76,869	148,644
Other current liabilities	(148,964)	199,706
Net defined benefit liabilities	(475)	(353)
Cash generated from operations	5,943,662	1,315,074
Interest paid	(8,122)	(1,686)
Income tax paid	(45,595)	-
Net cash inflow from operating activities	<u>5,889,945</u>	<u>1,313,388</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using equity method	(85,350)	(4,970)
Proceeds from disposal of investments accounted for using equity method	-	2,847
Proceeds from the capital reduction of investments accounted for using the equity method	-	451,200
Purchase of property, plant and equipment	(1,200,767)	(6,385)
Increase in other financial assets	(2,915,950)	(170,880)
Increase in refundable deposits	(2,681,248)	(33,054)
Interest received	8,037	7,760
Net cash (outflow) inflow from investing activities	<u>(6,875,278)</u>	<u>246,518</u>

(Continued)

# FOCALTECH SYSTEMS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) Increase in short-term borrowings	\$ (480,000)	\$ 480,000
Increase in long-term borrowings	786,840	-
Increase in guarantee deposits received	3,906,014	364,682
Issuance of restricted stock for employees	55,190	-
Cash dividends paid	(700,000)	(150,000)
Capital reduction payments to shareholders	-	(894,530)
Proceeds from issuance ordinary shares under employee share options	9,390	15,559
Treasury shares transferred to employees	<u>25,892</u>	<u>238,879</u>
Net cash inflow from financing activities	<u>3,603,326</u>	<u>54,590</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,617,993	1,614,496
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,455,926</u>	<u>841,430</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,073,919</u>	<u>\$ 2,455,926</u>

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

(Concluded)

## **Independent Accountants' Report**

To the Board of Directors of FocalTech Systems Co., Ltd.

### **Introduction**

We have audited the accompanying consolidated balance sheets of FocalTech Systems Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

Key audit matters for the Group's consolidated financial statements in the current period are stated as follows:

#### Sales Revenue

The sales revenue of Integrated Driver Controller is the main indicator of financial and business performance evaluated by investors and the management. It possibly exists the pressure to achieve the financial target, and it might result in the risk of the occurrence of sales revenue. Therefore, the sales revenue of Integrated Driver

Controller is listed in the Key Audit Matters in 2021.

Refer to Notes 4,23 for the accounting policy, accounting estimation and disclosure information.

Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We evaluated the design of internal control related to sales and collection cycle and the implement of the internal control.
2. We obtained customer ranking list in 2021, and analyze the differences of customers and its sales amount.
3. We analyzed if the sales quantities, sales revenue and gross margin by products existed material exception.
4. We sampled purchase orders, shipping documents bills of lading, and collection records in revenue breakdown to ensure the occurrence of sales revenue.

### **Other Matter**

We have also audited the parent company only financial statements of FocalTech Systems Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

### **Responsibilities of Corporate Management and Governance Hierarchy for the Consolidated Financial Statements**

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

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

Corporate governance level (including members of the Audit Committee) is responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shiow-Ming Shue and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
February 23, 2022

**FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 4 and 6)	\$ 6,456,988	26	\$ 4,011,682	33
Financial assets at fair value through profit or loss - current (Note 4 and 7)	119,218	1	-	-
Financial assets at fair value through other comprehensive income - current (Note 4 and 8)	55,590	-	-	-
Accounts receivables, net (Note 4 and 10)	3,255,081	13	1,633,900	13
Inventories (Note 4 and 11)	3,822,218	15	1,755,142	14
Other financial assets (Note 4 and 9)	3,879,862	15	1,385,936	11
Other current assets	<u>536,459</u>	<u>2</u>	<u>184,262</u>	<u>2</u>
Total current assets	<u>18,125,416</u>	<u>72</u>	<u>8,970,922</u>	<u>73</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 4 and 7)	412,779	1	234,662	2
Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	178,404	1	247,974	2
Property, plant and equipment (Note 4 and 13)	2,468,605	10	1,321,940	11
Goodwill (Notes 4 and 14)	1,237,268	5	1,237,268	10
Other intangible assets (Note 4 and 15)	47,228	-	63,202	-
Deferred tax assets (Note 4 and 25)	9,914	-	85,154	1
Refundable deposits (Note 16)	2,841,745	11	172,465	1
Other non-current assets (Note 32)	<u>10,575</u>	<u>-</u>	<u>11,466</u>	<u>-</u>
Total non-current assets	<u>7,206,518</u>	<u>28</u>	<u>3,374,131</u>	<u>27</u>
<b>TOTAL</b>	<u>\$ 25,331,934</u>	<u>100</u>	<u>\$ 12,345,053</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 301,712	1	\$ 523,648	4
Accounts payables (Note 18)	2,620,160	10	1,731,109	14
Other payables (Note 19)	1,596,958	6	1,037,431	8
Current tax liabilities (Notes 4 and 25)	1,786,309	7	433,121	4
Other current liabilities (Notes 23)	<u>110,356</u>	<u>1</u>	<u>230,944</u>	<u>2</u>
Total current liabilities	<u>6,415,495</u>	<u>25</u>	<u>3,956,253</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 17)	786,840	3	-	-
Deferred tax liabilities (Note 4 and 25)	51,584	-	53,213	1
Net defined benefit liabilities - non-current (Note 4 and 20)	22,140	-	23,366	-
Guarantee deposits received (Note 21)	4,397,513	18	490,361	4
Other non-current liabilities	<u>10,400</u>	<u>-</u>	<u>10,400</u>	<u>-</u>
Total non-current liabilities	<u>5,268,477</u>	<u>21</u>	<u>577,340</u>	<u>5</u>
Total liabilities	<u>11,683,972</u>	<u>46</u>	<u>4,533,593</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4, 22 and 27)</b>				
Share capital				
Ordinary shares	<u>2,162,367</u>	<u>9</u>	<u>2,103,532</u>	<u>17</u>
Capital surplus				
Additional paid-in capital	4,737,390	19	4,725,445	38
Treasury shares	79,917	-	69,361	1
Employee stock options	65,873	-	14,903	-
Restricted stock for employees	1,145,555	5	-	-
Employee share options – expired	<u>34,134</u>	<u>-</u>	<u>33,933</u>	<u>-</u>
Total capital surplus	<u>6,062,869</u>	<u>24</u>	<u>4,843,642</u>	<u>39</u>
Retained earnings				
Legal reserve	101,230	-	-	-
Special reserve	122,316	-	-	-
Undistributed earnings	<u>6,202,079</u>	<u>25</u>	<u>1,012,301</u>	<u>8</u>
Total retained earnings	<u>6,425,625</u>	<u>25</u>	<u>1,012,301</u>	<u>8</u>
Other equity				
Exchange differences from translating the financial statements of foreign operations	(211,648)	(1)	(125,038)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	169	-	2,722	-
Unearned employee compensation	<u>(813,720)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total other equity	<u>(1,025,199)</u>	<u>(4)</u>	<u>(122,316)</u>	<u>(1)</u>
Treasury shares	-	-	<u>(24,316)</u>	<u>-</u>
Equity attributable to owners of the parent	<u>13,625,662</u>	<u>54</u>	<u>7,812,843</u>	<u>63</u>
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	<u>22,300</u>	<u>-</u>	<u>(1,383)</u>	<u>-</u>
Total equity	<u>13,647,962</u>	<u>54</u>	<u>7,811,460</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 25,331,934</u>	<u>100</u>	<u>\$ 12,345,053</u>	<u>100</u>

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

# FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUE (Note 4 and 23)	\$ 21,991,497	100	\$ 13,800,348	100
COST OF REVENUE (Note 4, 11 and 24)	<u>(11,262,098)</u>	<u>(51)</u>	<u>(10,371,572)</u>	<u>(75)</u>
GROSS PROFIT	<u>10,729,399</u>	<u>49</u>	<u>3,428,776</u>	<u>25</u>
OPERATING EXPENSES (Note 24, 27, 28 and 31)				
Selling and marketing expenses	(555,675)	(2)	(398,828)	(3)
General and administrative expenses	(633,984)	(3)	(363,193)	(3)
Research and development expenses	<u>(2,409,274)</u>	<u>(11)</u>	<u>(1,636,018)</u>	<u>(12)</u>
Total operating expenses	<u>(3,598,933)</u>	<u>(16)</u>	<u>(2,398,039)</u>	<u>(18)</u>
OPERATING INCOME	<u>7,130,466</u>	<u>33</u>	<u>1,030,737</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(12,680)	-	(2,009)	-
Share of loss of subsidiaries and joint ventures (Note 4)	-	-	(4,970)	-
Interest income (Note 4)	31,307	-	51,835	-
Gain (Loss) on financial assets and liabilities at fair value through profit or loss (Note 4)	83,103	-	(5,607)	-
Other gains and losses - net	428,564	2	92,446	1
Loss on foreign exchange (Note 4)	<u>(57,690)</u>	<u>-</u>	<u>(5,335)</u>	<u>-</u>
Total non-operating income and expenses	<u>472,604</u>	<u>2</u>	<u>126,360</u>	<u>1</u>
INCOME BEFORE INCOME TAX	7,603,070	35	1,157,097	8
INCOME TAX EXPENSE (Note 4 and 25)	<u>(1,506,220)</u>	<u>(7)</u>	<u>(173,639)</u>	<u>(1)</u>
NET INCOME	<u>6,096,850</u>	<u>28</u>	<u>983,458</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	751	-	359	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 25)	<u>(105)</u>	<u>-</u>	<u>(50)</u>	<u>-</u>
	<u>646</u>	<u>-</u>	<u>309</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences from translating the financial statements of foreign operations (Notes 4)	(89,858)	(1)	(132,636)	(1)
Unrealized (loss) gain from debt instrument investments measured at fair value through other comprehensive loss (Notes 4)	<u>(2,553)</u>	<u>-</u>	<u>972</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss	<u>(92,411)</u>	<u>(1)</u>	<u>(131,664)</u>	<u>(1)</u>
Total other comprehensive income	<u>(91,765)</u>	<u>(1)</u>	<u>(131,355)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,005,085</u>	<u>27</u>	<u>852,103</u>	<u>6</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Parent	6,112,935	28	1,011,992	7
Non-controlling interests	<u>(16,085)</u>	<u>-</u>	<u>(28,534)</u>	<u>-</u>
	<u>6,096,850</u>	<u>28</u>	<u>983,458</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent	\$ 6,024,418	27	\$ 884,178	6
Non-controlling interests	<u>(19,333)</u>	<u>-</u>	<u>(32,075)</u>	<u>-</u>
	<u>\$ 6,005,085</u>	<u>27</u>	<u>\$ 852,103</u>	<u>6</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 30.23</u>		<u>\$ 3.97</u>	
Diluted	<u>\$ 28.62</u>		<u>\$ 3.73</u>	

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

(Concluded)



**FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
	Share Capital		Retained Earnings			Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences from Translating the Financial Statement of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unearned employee compensation	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2020	\$ 2,996,759	\$ 5,145,377	\$ -	\$ -	( \$ 183,307 )	\$ 4,057	\$ 1,750	\$ -	( \$ 267,158 )	\$ 7,697,478	\$ 30,692	\$ 7,728,170
Reduction on capital surplus to offset accumulated deficits	-	( 183,307 )	-	-	183,307	-	-	-	-	-	-	-
Cash distribution from additional paid-in capital	-	( 150,000 )	-	-	-	-	-	-	-	( 150,000 )	-	( 150,000 )
Net income for the year ended December 31, 2020	-	-	-	-	1,011,992	-	-	-	-	1,011,992	( 28,534 )	983,458
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	309	( 129,095 )	972	-	-	( 127,814 )	( 3,541 )	( 131,355 )
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,012,301	( 129,095 )	972	-	-	884,178	( 32,075 )	852,103
Reduction of capital (Note 22)	( 899,721 )	-	-	-	-	-	-	-	5,191	( 894,530 )	-	( 894,530 )
Compensation cost of employee share options (Note 22 and 27)	-	21,279	-	-	-	-	-	-	-	21,279	-	21,279
Treasury shares transferred to employees (Note 22 and 27)	-	1,228	-	-	-	-	-	-	237,651	238,879	-	238,879
Issuance of ordinary shares from exercise of employee share options (Note 22 and 27)	6,494	9,065	-	-	-	-	-	-	-	15,559	-	15,559
BALANCE, DECEMBER 31, 2020	2,103,532	4,843,642	-	-	1,012,301	( 125,038 )	2,722	-	( 24,316 )	7,812,843	( 1,383 )	7,811,460
Appropriation of 2020 earnings												
Legal reserve	-	-	101,230	-	( 101,230 )	-	-	-	-	-	-	-
Special reserve	-	-	-	122,316	( 122,316 )	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 700,000 )	-	-	-	-	( 700,000 )	-	( 700,000 )
Net income for the year ended December 31, 2021	-	-	-	-	6,112,935	-	-	-	-	6,112,935	( 16,085 )	6,096,850
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	646	( 86,610 )	( 2,553 )	-	-	( 88,517 )	( 3,248 )	( 91,765 )
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	6,113,581	( 86,610 )	( 2,553 )	-	-	6,024,418	( 19,333 )	6,005,085
Compensation cost of employee share options (Note 22 and 27)	-	66,351	-	-	-	-	-	-	-	66,351	-	66,351
Treasury shares transferred to employees (Note 22 and 27)	-	1,947	-	-	-	-	-	-	23,945	25,892	-	25,892
Treasury shares retired	( 119 )	( 252 )	-	-	-	-	-	-	371	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	42,759	42,759
Changes in ownership interests in subsidiaries	-	-	-	-	( 257 )	-	-	-	-	( 257 )	257	-
Issuance of ordinary shares from exercise of employee share options (Note 22 and 27)	3,764	5,626	-	-	-	-	-	-	-	9,390	-	9,390
Issuance of restricted stock employees (Note 4, 22 and 27)	55,190	1,145,555	-	-	-	-	-	( 1,145,555 )	-	55,190	-	55,190
Compensation cost of restricted stock to employees (Note 4, 22 and 27)	-	-	-	-	-	-	-	331,835	-	331,835	-	331,835
BALANCE, DECEMBER 31, 2021	\$ 2,162,367	\$ 6,062,869	\$ 101,230	\$ 122,316	\$ 6,202,079	( \$ 211,648 )	\$ 169	( \$ 813,720 )	\$ -	\$ 13,625,662	\$ 22,300	\$ 13,647,962

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

# FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 7,603,070	\$ 1,157,097
Adjustments for:		
Depreciation expenses	86,494	77,433
Amortization expenses	15,955	35,903
Net (gain) loss on financial assets at fair value through profit or loss	(83,103)	5,607
Finance costs	12,680	2,009
Interest income	(31,307)	(51,835)
Compensation cost of employee share options	66,351	21,279
Compensation cost of restricted stock to employees	331,835	-
Share of loss of subsidiaries and joint ventures	-	4,970
Loss on disposal of property, plant and equipment	318	1,264
(Gain) loss on disposal of investments	(183,272)	40,928
Reversal gain on write-off of inventories	(259,552)	(229,556)
Unrealized (gain) loss on foreign exchange	(31,157)	(37,330)
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(34,762)	(230,416)
Accounts receivables	(1,624,336)	(233,170)
Inventories	(1,814,888)	19,988
Other current assets	(354,559)	165,670
Accounts payables	893,835	(228,551)
Other payables	581,523	113,845
Other current liabilities	(119,053)	125,308
Net defined benefit liabilities	(475)	(353)
Cash generated from operations	<u>5,055,597</u>	<u>760,090</u>
Interest paid	(12,673)	(1,792)
Income tax paid	<u>(70,372)</u>	<u>(31,382)</u>
Net cash inflow from operating activities	<u>4,972,552</u>	<u>726,916</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(197,216)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	118,197
Acquisition of investments accounted for using equity method	-	(4,970)
Acquisition of property, plant and equipment	(1,241,028)	(22,860)
Acquisition of intangible assets	-	(147)
(Decrease) increase in other financial assets	(2,520,040)	155,603
Increase in refundable deposits	(2,669,759)	(52,817)
Decrease in other non-current assets	851	3,880
Interest received	<u>36,430</u>	<u>63,648</u>
Net cash (outflow) inflow from investing activities	<u>(6,393,546)</u>	<u>63,318</u>

(Continued)

## FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	\$ (221,693)	\$ 522,827
Increase in long-term borrowings	786,840	-
Increase in guarantee deposits	3,907,208	99,862
Issuance of restricted stock employees	55,190	-
Dividends paid to owners of the Company	(700,000)	(150,000)
Capital reduction payments to shareholders	-	(894,530)
Exercise of employee share options	9,390	15,559
Treasury shares transferred to employees	25,892	238,879
Increase in non-controlling interests	42,759	-
Net cash inflow (outflow) from financing activities	3,905,586	(167,403)
 <b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	(39,286)	(72,652)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,445,306	550,179
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	4,011,682	3,461,503
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 6,456,988</u>	<u>\$ 4,011,682</u>

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

(Concluded)

## Attachment 5

**FocalTech 2021 Profit Distribution Table**

Unit: NT\$

Item	Amount
Undistributed Earnings at Year Beginning	88,755,662
Plus: Net income of 2021	6,112,935,318
Plus: Remeasurement of defined benefit plans for this period	645,999
Minus: Changes in ownership interests in subsidiaries	(257,630)
Minus: Statutory surplus reserve	(611,332,369)
Minus: Special surplus reserve	(89,163,560)
Earnings available for distribution	5,501,583,420
Distribution Items:	
Dividend to common shareholders	(3,400,000,000)
Unappropriated retained earnings	2,101,583,420

Chairman:



CEO:



Accountant Officer:



## Attachment 6

**Amendment to the “Articles of Incorporation” Comparison Table**

Article	Content		Change Cause
	Before Amended	After Amended	
2	<p>The scope of business of the Company shall be as follows:</p> <ol style="list-style-type: none"> <li>1. CC01080 Electronics Components Manufacturing</li> <li>2. I301010 Information Software Services</li> <li>3. IG02010 Research and Development Service</li> <li>4. I501010 Product Designing</li> </ol> <p><del>Research, develop, design, manufacture and sale of various integrated circuits:</del></p> <ol style="list-style-type: none"> <li>1) <del>Providing hardware, software, application design, testing, maintenance, and technical consulting services for various integrated circuits.</del></li> <li>2) <del>Research, development and sales of IP.</del></li> <li>3) <del>Import and export activities related to the previous business.</del></li> </ol>	<p>The scope of business of the Company shall be as follows:</p> <ol style="list-style-type: none"> <li>1. CC01080 Electronics Components Manufacturing</li> <li>2. I301010 Information Software Services</li> <li>3. IG02010 Research and Development Service</li> <li>4. I501010 Product Designing</li> <li>5. <u>F219010 Retail Sale of Electronic Materials</u></li> <li>6. <u>F401010 International Trade</u></li> <li>7. <u>I301020 Data Processing Services</u></li> <li>8. <u>ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval</u></li> </ol>	Update as required by the competent authority.
3	The Company shall have its head office in Hsinchu Science-based Industrial Park and, if necessary, may set up branches domestically or overseas after the approval its Board of Directors and the authority.	The Company shall have its head office in Hsinchu <u>County</u> and, if necessary, may set up branches domestically or overseas after the approval its Board of Directors and the authority.	Update as the Company’s need in business.
6	The share certificate of the Company shall be all name registered share certificates and shall be signed by, and affixed with the seals or signed by <u>at least three directors</u> of the Company, and issued after duly authentication pursuant to the law. The Company can also issue shares by registering or wiring into account books based on related regulations, rather printing physical shares.	The share certificate of the Company shall be all name registered share certificates and shall be signed by, and affixed with the seals or signed by <u>representative</u> directors of the Company, and issued after duly authentication pursuant to the law. The Company can also issue shares by registering or wiring into account books based on related regulations, rather printing physical shares.	Update as required by the competent authority to be in accordance with the to Article 162.
10-1	None	<u>The shareholders’ meeting of the Company can be held via video conference or through other methods as announced by the central competent authority.</u>	In accordance with the amendments to Company Law.
31	These Articles of Incorporation are agreed to and signed on December 25, 2005 and the first Amendment was approved on January 19,	These Articles of Incorporation are agreed to and signed on December 25, 2005 and the first Amendment was approved on January	The seventeenth Amendment

Article	Content		Change Cause
	Before Amended	After Amended	
	2006, the second Amendment on March 28, 2006, the third Amendment on October 5, 2006, the fourth Amendment on May 10, 2007, the fifth Amendment on June 6, 2009, the sixth Amendment on June 16, 2009, the seventh Amendment on June fifteenth, 2011, the eighth Amendment on June 13, 2012, the ninth Amendment on June 18, 2013, the tenth Amendment on June 30, 2014, the eleventh Amendment on January 5, 2015, the twelfth Amendment on June 10, 2015, the thirteenth Amendment on June 22, 2016, the fourteenth Amendment on June 20, 2019, the fifteenth Amendment on June 20, 2020, and the sixteenth Amendment on June 24, 2021.	19, 2006, the second Amendment on March 28, 2006, the third Amendment on October 5, 2006, the fourth Amendment on May 10, 2007, the fifth Amendment on June 6, 2009, the sixth Amendment on June 16, 2009, the seventh Amendment on June fifteenth, 2011, the eighth Amendment on June 13, 2012, the ninth Amendment on June 18, 2013, the tenth Amendment on June 30, 2014, the eleventh Amendment on January 5, 2015, the twelfth Amendment on June 10, 2015, the thirteenth Amendment on June 22, 2016, the fourteenth Amendment on June 20, 2019, the fifteenth Amendment on June 20, 2020, the sixteenth Amendment on June 24, 2021, <u>and the seventeenth Amendment on June 9, 2022.</u>	date added.

Attachment 7

**Amendment to the “Rules of Procedure for Shareholders’ Meeting”  
Comparison Table**

Article	Content		Change Cause
	Before Amended	After Amended	
3	<p>(Notice of convening and meeting of shareholders meeting) The shareholders' meeting of the Company shall be convened by the board of directors unless specified by the Act. The Company shall upload the shareholders meeting notice, power of attorney, the subject and the description of the approval, the discussion, the election or the dismissal of directors to Market Observation Post System (MOPS) 30 days before the shareholders' meeting or 15 days before the shareholders' interim meeting. In addition, the shareholders' meeting manual and the supplementary information of the meeting and the production of electronic files shall be transmitted to MOPS 21 days before the shareholders' meeting or 15 days before the shareholders' interim meeting. In addition, before 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 and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated thereby <del>as well as being distributed on site at the meeting place.</del> The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>(Omitted)</p>	<p>(Notice of convening and meeting of shareholders meeting) The shareholders' meeting of the Company shall be convened by the board of directors unless specified by the Act. <u>The change of the method of convening the shareholders' meeting of the Company shall be resolved by the board of directors, and shall be made before the notice of the shareholders' meeting is dispatched.</u> The Company shall upload the shareholders meeting notice, power of attorney, the subject and the description of the approval, the discussion, the election or the dismissal of directors to Market Observation Post System (MOPS) 30 days before the shareholders' meeting or 15 days before the shareholders' interim meeting. In addition, the shareholders' meeting manual and the supplementary information of the meeting and the production of electronic files shall be transmitted to MOPS 21 days before the shareholders' meeting or 15 days before the shareholders' interim meeting. <u>However, in the case of the 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 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.</u> In addition, before 15 days before the date of the shareholders' meeting, the company shall</p>	<p>In accordance with the revision of the law.</p>

Article	Content		Change Cause
	Before Amended	After Amended	
		<p>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 and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated thereby.</p> <p><u>The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <ol style="list-style-type: none"> <li><u>1. For physical shareholders' meeting, to be distributed on-site at the meeting.</u></li> <li><u>2. For visual communication assisted shareholders meeting, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></li> <li><u>3. For virtual communication shareholders' meeting, electronic files shall be shared on the virtual meeting platform.</u></li> </ol> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>(Omitted)</p>	
4	(Item 1~3 Omitted)	<p>(Item 1~3 Omitted)</p> <p><u>If the shareholder intends to attend the shareholders meeting by video conference after the proxy form has been delivered to the company, a written notice of proxy cancellation shall be submitted to the company two working days before the date of the meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	In accordance with the revision of the law.
5	<p>(Principle of the place and time for holding shareholders meeting)</p> <p>The place of the shareholders' meeting</p>	<p>(Principle of the place and time for holding shareholders meeting)</p> <p>The place of the shareholders' meeting</p>	In accordance with the



Article	Content		Change Cause
	Before Amended	After Amended	
	<p>shall be in the place where the company is located or where the convenience shareholders are present and suitable for the meeting of the shareholders. The meeting shall not begin earlier than 9:00 am or later than 3:00 pm. The independent directors' opinions shall be fully considered to decide the place and time of the meeting.</p>	<p>shall be in the place where the company is located or where the convenience shareholders are present and suitable for the meeting of the shareholders. The meeting shall not begin earlier than 9:00 am or later than 3:00 pm. The independent directors' opinions shall be fully considered to decide the place and time of the meeting.</p> <p><u>The virtual shareholders' meeting of the company is not subject to the location restrictions specified in the preceding paragraph.</u></p>	<p>revision of the law.</p>
6	<p>(Preparation of documents such as signature books) The company shall establish a scrapbook for the attendance of the shareholders <del>themselves or the agents entrusted by the shareholders</del>, or the attendance of the shareholders to attend the attendance cards to sign. The company shall deliver the manuals, annual reports, attendance cards, speeches, voting papers, and other meeting materials to the shareholders attending the shareholders meeting; if there are elected directors, an election vote shall be attached. Shareholders should attend the shareholders' meeting with their attendance cards, attendance cards or other attendance certificates; they should be the solicitors of the solicitation request letter and should bring their identity documents for verification. When an institution is a shareholder, the representative who attends the shareholder meeting is not limited to one person. When an institution is entrusted to attend a shareholders' meeting, only one person may be appointed to attend the meeting.</p>	<p>(Preparation of documents such as signature books) <u>The company accepts the registration time of shareholders, solicitors, and proxies (hereinafter referred to as "shareholders") at least 30 minutes prior the time of the meeting; the registration office should be clearly marked, and appropriate personnel should 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, the shareholders who have completed the registration on the meeting platform shall be deemed to have attended the shareholders meeting in person.</u> The company shall establish a scrapbook for the attendance of the shareholders themselves or the agents entrusted by the shareholders, or the attendance of the shareholders to attend the attendance cards to sign. The company shall deliver the manuals, annual reports, attendance cards, speeches, voting papers, and other meeting materials to the shareholders attending the shareholders meeting; if there are elected directors, an election vote shall be attached. Shareholders should attend the shareholders' meeting with their attendance cards, attendance cards or other attendance certificates; they should be the</p>	<p>In accordance with the revision of the law.</p>

Article	Content		Change Cause
	Before Amended	After Amended	
		<p>solicitors of the solicitation request letter and should bring their identity documents for verification.</p> <p>When an institution is a shareholder, the representative who attends the shareholder meeting is not limited to one person. When an institution is entrusted to attend a shareholders' meeting, only one person may be appointed to attend the meeting.</p> <p><u>Shareholders shall register with the company two days before the date of the meeting if they want to attend the virtual shareholders' meeting on line.</u></p> <p><u>The company shall upload the meeting agenda, annual report and other relevant materials to the meeting platform at least 30 minutes before the start of the meeting, and keep the information disclosed until the end of the meeting while the virtual shareholders' meeting is held.</u></p>	
6-1	None.	<p><u>(Convening a virtual shareholders' meeting and particulars to be included in the meeting notice)</u></p> <p><u>To convene a virtual shareholders' meeting, the following particulars shall be stated in the meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Due to natural disasters, incidents or other force majeure circumstances, the handling of obstacles to the meeting platform or participating in the virtual meeting should include at least the following matters:</u></p> <p><u>A. The time when the above-mentioned obstacles persist and cannot be ruled out causing the meeting to be adjourned or resumed, and the date of the meeting if it is to be postponed or resumed.</u></p> <p><u>B. Shareholders who have not registered to participate in the affected virtual shareholders' meeting shall not attend the postponed or resumed session.</u></p> <p><u>C. If a visual communication assisted shareholders meeting is held and the video conference cannot be continued, after deducting the number of shares attended</u></p>	In accordance with the revision of the law.

Article	Content		Change Cause
	Before Amended	After Amended	
		<p><u>online, the shareholders' meeting shall be continued if the total number of shares attending meeting of shareholders reaches the legal limit of the shareholders' meeting. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual shareholders' meeting and specify appropriate alternatives to shareholders who have difficulty participating in video-conference.</u></p>	
8	<p>(Conservation of recording or video recording during the meeting of shareholders)</p> <p>The company shall record or videotape the entire meeting of the shareholders meeting and keep it for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of Company Act, it shall be kept until the end of the lawsuit.</p>	<p>(Conservation of recording or video recording during the meeting of shareholders)</p> <p>The company shall record or videotape the entire meeting of the shareholders meeting and keep it for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of Company Act, it shall be kept until the end of the lawsuit.</p> <p><u>Where a shareholders' meeting is held online, 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 continuously audio and video record from beginning to end, without interruption. The information and audio and video recording in the preceding paragraph shall be properly preserved by the company during its existence, and copies of the audio and video recordings shall be provided to the party entrusted to handle affairs of the virtual meeting for preservation.</u></p>	In accordance with the revision of the law.

Article	Content		Change Cause
	Before Amended	After Amended	
9	<p>Attendance of the meeting of shareholders should be calculated in accordance with the shareholdings. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance cards submitted by the shareholders, combined with the shares whose voting rights is conducted by means of electronic communication. At the time of the meeting, the chairman shall call the meeting. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced. However, when no shareholder representing more than half of the total number of shares already issued is present, the chairman may announce a postponement of the meeting. The number of postponements shall be limited to the second time, and the total delay time shall not exceed one hour. After the second time of the postponement, the present shares are still insufficient to represent more than one-third of the total number of issued shares, the chairman shall announce the cancel of the meeting. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act, all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. After any tentative resolution is made, if the number of shares represented at the Meeting becomes sufficient to constitute the quorum during the process of the Meeting, the chairman may submit the tentative resolution to the Meeting again for resolution as per Article 174 of the Company Act.</p>	<p>Attendance of the meeting of shareholders should be calculated in accordance with the shareholdings. The number of shares represented by shareholders attending the meeting shall be calculated according to with the attendance cards, submitted by the shareholders, <u>and the shares checked in on the virtual meeting platform</u>, combined with the shares whose voting rights is conducted by means of electronic communication. At the time of the meeting, the chairman shall call the meeting. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced. However, when no shareholder representing more than half of the total number of shares already issued is present, the chairman may announce a postponement of the meeting. The number of postponements shall be limited to the second time, and the total delay time shall not exceed one hour. After the second time of the postponement, the present shares are still insufficient to represent more than one-third of the total number of issued shares, the chairman shall announce the cancel of the meeting. <u>The company shall also declare the meeting adjourned on meeting platform if the virtual shareholders' meeting is held.</u> If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act, all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>Shareholders intending to attend the meeting online shall re-register with the company in accordance with Article 6 if</u></p>	<p>In accordance with the revision of the law.</p>

Article	Content		Change Cause
	Before Amended	After Amended	
		<p><u>the virtual shareholders' meeting is held.</u> After any tentative resolution is made, if the number of shares represented at the meeting becomes sufficient to constitute the quorum during the process of the meeting, the chairman may submit the tentative resolution to the meeting again for resolution as per Article 174 of the Company Act.</p>	
11	<p>(Shareholders' speeches) (Item 1~9 Omitted)</p>	<p>(Shareholders' speeches) (Item 1~9 Omitted) <u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in text form at the virtual meeting platform from the chairman declaring the meeting open until the announcement of adjournment of the meeting. 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 8 do not apply.</u></p>	<p>In accordance with the revision of the law.</p>
13	<p>(Item 1~3 Omitted) After a shareholder has exercised voting rights in writing or electronically, if he wishes to attend the shareholder meeting in person, he shall withdraw the meaning of the previous exercise of voting rights in the same manner as the exercise of voting rights two days prior to the meeting of the shareholders; overdue withdrawals will be made in writing or electronically. The exercise of voting rights shall prevail. If the voting rights are exercised in writing or electronically, and the proxy is entrusted to attend the shareholders' meeting, the principal's right to vote at the time of exercise shall prevail. Voting of the resolution is subject to the consent of more than half of the voting rights of the shareholders in addition to Company Act and the articles of association of the company. When there are amendments or alternatives to the same motion, the chairman and the original case set the</p>	<p>(Item 1~3 Omitted) After a shareholder has exercised voting rights in writing or electronically, if he wishes to attend the shareholder meeting in person <u>or online</u>, he shall withdraw the meaning of the previous exercise of voting rights in the same manner as the exercise of voting rights two days prior to the meeting of the shareholders; overdue withdrawals will be made in writing or electronically. The exercise of voting rights shall prevail. If the voting rights are exercised in writing or electronically, and the proxy is entrusted to attend the shareholders' meeting, the principal's right to vote at the time of exercise shall prevail. Voting of the resolution is subject to the consent of more than half of the voting rights of the shareholders in addition to Company Act and the articles of association of the company. When there are amendments or alternatives to the same motion, the chairman and the original case set the</p>	<p>In accordance with the revision of the law.</p>

Article	Content		Change Cause
	Before Amended	After Amended	
	<p>voting order. If one of the cases attending has been passed, other motions will be considered veto and no one will be required to vote again.</p> <p>The scrutineer for the vote on the motion and the vote counting staff shall be appointed by the chairman but the scrutineers shall be the shareholder.</p> <p>The vote count shall be publicly disclosed in the shareholders' meeting room. The result of the vote shall be reported on site and recorded.</p>	<p>voting order. If one of the cases attending has been passed, other motions will be considered veto and no one will be required to vote again.</p> <p>The scrutineer for the vote on the motion and the vote counting staff shall be appointed by the chairman but the scrutineers shall be the shareholder.</p> <p>The vote count shall be publicly disclosed in the shareholders' meeting room. The result of the vote shall be reported on site and recorded.</p> <p><u>When the company convenes a virtual shareholders meeting, shareholders who participated online shall conduct voting on various resolutions and election proposals through the meeting platform after the chairman announces the meeting or will be deemed abstained from voting.</u></p> <p><u>Where a virtual shareholders' meeting is held, the votes shall be counted after the chairman announces the close of voting, and the voting and election results shall be announced immediately.</u></p> <p><u>When the company convenes a virtual-assisted shareholders' meeting, shareholders who have registered to attend the meeting online in accordance with Article 6, and intend to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the meeting in the same manner as they registered. Those who do not cancel the registration within the time limit can only attend the meeting online. Those who have not withdrawn their intention to exercise their voting rights in writing or electronically and participate in the shareholders' meeting by video conferencing shall not exercise their voting rights on the original proposal or propose amendments to the original proposal or exercise the voting rights for amendments to the original proposal, except for extraordinary motions.</u></p>	

Article	Content		Change Cause
	Before Amended	After Amended	
15	<p>The resolutions of the shareholders' meeting shall be made into conference record, signed or sealed by the chairman, and the conference record shall be distributed to all shareholders within 20 days after the meeting. The production and distribution of the proceedings were made electronically.</p> <p>The conference record can be announced by uploading to the MOPS.</p> <p>The conference record should be written in accordance with the year, month, day, place, name of the chairman, resolution method, method, and the results of the meeting. It shall be kept forever during the existence of the company.</p>	<p>The resolutions of the shareholders' meeting shall be made into conference record, signed or sealed by the chairman, and the conference record shall be distributed to all shareholders within 20 days after the meeting. The production and distribution of the proceedings were made electronically.</p> <p>The conference record can be announced by uploading to the MOPS.</p> <p>The conference record should be written in accordance with the year, month, day, place, name of the chairman, resolution method, method, and the results_ <u>(including the number of voting rights) of the meeting, and the number of voting rights received by each candidate should be disclosed in the election of directors.</u> It shall be kept forever during the existence of the company.</p> <p><u>Where a virtual shareholders' meeting is convened, the minutes of the shareholders' meeting shall record the start and end time of the shareholders' meeting, the method of convening the meeting, the name of the chairman and the secretary, as well as the handling method and handling situation when the video conference platform is blocked due to natural disasters, incidents or other force majeure events or when participants participate online.</u></p> <p><u>In addition to complying with the provisions of the preceding paragraph when convening a virtual shareholders' meeting, the Company shall also state in the minutes of the meeting the alternative measures provided to shareholders who have difficulty participating the meeting online.</u></p>	In accordance with the revision of the law.
16	<p>(External announcement)</p> <p>The number of shares sought by the solicitor <del>and</del> the number of shares entrusted by the agent shall be clearly disclosed in the shareholders' meeting at the meeting on the day when the shareholders meeting is held.</p>	<p>(External announcement)</p> <p>The number of shares sought by the solicitor, the number of shares entrusted by the agent, <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means</u> shall be clearly disclosed in the</p>	In accordance with the revision of the law.

Article	Content		Change Cause
	Before Amended	After Amended	
	If the resolutions of the shareholders' meeting are stipulated by laws and regulations and the major information stipulated by the Taiwan Stock Exchange Co., Ltd., the company shall transmit the content to the MOPS.	<p>shareholders' meeting at the meeting on the day when the shareholders meeting is held. <u>When the virtual shareholders' meeting is held, the Company shall upload the above-mentioned information to the virtual meeting platform at least 30 minutes before the start of the meeting, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. Whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting should also be disclosed on the virtual meeting platform.</u></p> <p>If the resolutions of the shareholders' meeting are stipulated by laws and regulations and the major information stipulated by the Taiwan Stock Exchange Co., Ltd., the company shall transmit the content to the MOPS.</p>	
19	None.	<p><u>(Disclosure of information at virtual meetings)</u></p> <p><u>In the event of a virtual shareholders' meeting, the Company shall disclose the voting results and election result of various resolutions immediately on the meeting platform according to the regulations, and shall continue to disclose at least 15 minutes after the chairman has announced the meeting adjourned.</u></p>	In accordance with the revision of the law.
20	None.	<p><u>(Location of the chairman and secretary of virtual shareholders' meeting)</u></p> <p><u>When the company convenes a virtual shareholders' meeting, the chairman and secretary shall be in the same location, and the chairman shall announce the address of the location at the time of the meeting.</u></p>	In accordance with the revision of the law.
21	None.	<p><u>(Handling of disconnection)</u></p> <p><u>In the event of a virtual shareholders' meeting, before the chairman announces the adjournment of the meeting, due to</u></p>	In accordance with the revision of



Article	Content		Change Cause
	Before Amended	After Amended	
		<p><u>natural disasters, incidents or other force majeure events, the meeting platform or the video conference participation is blocked, and if the obstruction lasts for more than 30 minutes, the meeting shall be postponed or resumed within five days, in which case Article 182 of the Company Act does not apply. For the postponed or resumed meeting 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 meeting. In accordance with the provisions of Paragraph 1, the meeting should be adjourned or resumed. Shareholders who have registered to participate in the original shareholders meeting online and have completed the registration, but do not participated in the postponed or resumed meeting, the number of shares attended at the original shareholders meeting, the voting rights exercised and election rights exercised shall be included in the total number of shares, voting rights and election rights of shareholders present at the postponed or continued meeting.</u></p> <p><u>In accordance with the provisions of Paragraph 1, when the shareholders' meeting is postponed or reconvened, no further discussion or resolution is required for proposals that have completed the voting and counting, and announced the voting results or the list of elected directors.</u></p> <p><u>When the Company convened a virtual-assisted shareholders' meeting, and the meeting cannot continue as described in first paragraph, after deducting the number of shares attended online, the shareholders' meeting shall be continued if the total number of shares attending meeting of shareholders reaches the legal limit of the shareholders' meeting. No postponement or resumption under the</u></p>	the law.

Article	Content		Change Cause
	Before Amended	After Amended	
		<p><u>first paragraph is required.</u>  <u>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, but all the resolutions of the shareholders' meeting shall be deemed as abstention.</u>  <u>The Company shall postpone or resumed the meeting in accordance with the provisions of Paragraph 1, and shall handle 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.</u>  <u>The Company shall postpone or resume the date of the shareholders' meeting in accordance with the provisions of Paragraph 1 during the period of the last paragraph of Article 12 and Paragraph 3 of Article 13 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company.</u></p>	
<u>22</u>	None.	<p><u>(Handling of digital divide)</u>  <u>The Company shall provide appropriate alternative for shareholders who have difficulties in attending a virtual shareholders meeting online while the virtual shareholders' meeting is held.</u></p>	In accordance with the revision of the law.
<u>23</u>	This rule will be implemented after approval by the shareholders' meeting and the amendment will follow the same procedure.	This rule will be implemented after approval by the shareholders' meeting and the amendment will follow the same procedure.	Amendment to Article No.

Attachment 8

**Amendment to the “Procedures for Acquisition and Disposal of Assets” Comparison Table**

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
4	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>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.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>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.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>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 <u>the self-regulatory rules of the industry associations to which they belong</u> and the following provisions:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>conducting</u> a case, they shall</p>	<p>In accordance with the revision of the law.</p>

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
	<p>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.</p> <p>3.They shall undertake an item-by-item evaluation of the <del>comprehensiveness, accuracy,</del> 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.</p> <p>4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <del>and accurate,</del> and that they have complied with applicable laws and regulations.</p>	<p>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.</p> <p>3.They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	
6	<p>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:</p> <p>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.</p> <p>2.Where the transaction amount is NT\$1</p>	<p>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:</p> <p>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.</p>	In accordance with the revision of the law.

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
	<p>billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>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 <del>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</del> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>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.</p>	<p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>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:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>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.</p>	
7	<p>The company and its subsidiaries 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</p>	<p>The company and its subsidiaries 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</p>	<p>In accordance with the revision of the law.</p>

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
	<p>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. <del>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del> 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).</p>	<p>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).</p>	
8	<p>Where the company and its subsidiaries 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; <del>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p>	<p>Where the company and its subsidiaries 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.</p>	In accordance with the revision of the law.
18	<p>When the company and its subsidiaries 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</p>	<p>When the company and its subsidiaries 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</p>	In accordance with the revision of the law.

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
	<p>transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee:</p> <ol style="list-style-type: none"> <li>1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2.The reason for choosing the related party as a transaction counterparty.</li> <li>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 19 and Article 20.</li> <li>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.</li> <li>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.</li> <li>6.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7.Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>The calculation of the transaction amounts referred to in 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 the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100</p>	<p>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 audit committee:</p> <ol style="list-style-type: none"> <li>1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2.The reason for choosing the related party as a transaction counterparty.</li> <li>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 19 and Article 20.</li> <li>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.</li> <li>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.</li> <li>6.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7.Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100</p>	

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
	<p>percent of the issued shares or authorized capital, the company's board of directors may pursuant to "Job Authorization method" of Article 11 to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2.Acquisition or disposal of real property right-of-use of real property held for business use.</li> </ol> <p>Where the position of independent director has been created in accordance with the provisions of the Act, 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, and shall be announced in accordance with the provisions of Article 25 of this procedure.</p>	<p>percent of the issued shares or authorized capital, the company's board of directors may pursuant to "Job Authorization method" of Article 11 to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2.Acquisition or disposal of real property right-of-use of real property held for business use.</li> </ol> <p>Where the position of independent director has been created in accordance with the provisions of the Act, 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, and shall be announced in accordance with the provisions of Article 25 of this procedure.</p> <p><u>If the company and its subsidiaries will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the 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.</u></p> <p>The calculation of the transaction amounts referred to in <u>paragraph 1</u> and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as</p>	



Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
		used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>the shareholders meeting</u> or the board of directors and recognized by the audit committee need not be counted toward the transaction amount.	
19	<p>The company and its subsidiaries 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:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real</p>	<p>The company and its subsidiaries 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:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><u>The company and its subsidiaries that</u> acquires real property or right-of-use assets thereof from a related party and</p>	Wording adjustment

Article	Content		Change Cause
	Before Amended ( Version 7.0 )	After Amended ( Version 8.0 )	
	<p>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.</p> <p>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 Article 18, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> <li>1.The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>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.</li> <li>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.</li> <li>4.The real property right-of-use assets for business use are acquired by the <del>public</del> 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.</li> </ol>	<p>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.</p> <p>Where the company <u>and its subsidiaries</u> 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 Article 18, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> <li>1.The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	

## Attachment 9

**The list of releasing the prohibition on Directors from participation  
in competitive business**

Director Candidate : Acer Incorporated, representative: Jason Chen

No.	Con-current Company	Con-current Job Posts
1	Mu-Jin Investment Co., Ltd.	Chairman
2	Mu-Shi Investment Co., Ltd.	Chairman
3	Acer Incorporated	Chairman & CEO
4	Acer Being Communication Inc.	Chairman
5	Acer ITS Inc.	Chairman
6	Acer Being Signage Inc.	Director
7	Acer AI Cloud Inc.	Chairman
8	AcerPure Inc.	Director
9	Acer Asset Management Incorporated	Chairman
10	Acer BeingWare Holding Inc.	Chairman
11	Acer Medical Inc.	Director
12	Acer Cloud Technology (Taiwan) Inc.	Director
13	Acer Beverage Incorporated	Chairman
14	Pecer Bio-medical Technology Incorporated	Director
15	AOPEN Inc.	Director
16	Weblink International Inc.	Chairman
17	PROTRADE APPLIED MATERIALS CORP.	Director
18	Xplova Inc.	Chairman
19	Acer Digital Service Co.	Chairman
20	Cross Century Investment Limited	Chairman
21	MPS Energy Inc.	Director
22	Acer e-Enabling Service Business Inc.	Chairman
23	Acer Computer (Far East) Limited	Director
24	StarVR Corporation	Director
25	Altos Computing Inc.	Director
26	Acer Computer (Shanghai) Ltd.	Director
27	Acer Cloud Technology(Chongqing) Ltd.	Director
28	Acer (Chongqing) Ltd.	Director
29	Acer Gadget Inc.	Director
30	Beijing Altos Computing Ltd.	Director
31	Acer China Venture Corp	Director
32	Acer Holdings International, Incorporated	Director

No.	Con-current Company	Con-current Job Posts
33	Acer Cloud Technology Inc.	Director
34	Acer American Holdings Corp.	Director
35	Acer America Corporation	Director
36	Acer SoftCapital Incorporated	Director
37	Acer European Holdings SA	Director
38	Boardwalk Capital Holdings Limited	Director
39	DropZone Holding Limited	Director
40	DropZone (Hong Kong) Limited	Director
41	Acer Asia Pacific Sdn Bhd	Director
42	Acer Europe SA	Director

## Appendix 1

### **Rules of Procedure for Shareholders' Meeting (before amended)**

1. In order to establish a good shareholders' governance system, improve the supervision function, and strengthen management functions of the company, these rules are established in accordance with the relevant requirements of the "Listed Guiding Practices for Corporate Governance", to follow.
2. Unless provided in the Act or the articles of incorporation, otherwise the rules of procedure of the shareholders' meeting of the company shall be governed by the provisions of these rules.
3. (Notice of convening and meeting of shareholders meeting)

The shareholders' meeting of the Company shall be convened by the board of directors unless specified by the Act.

The Company shall upload the shareholders meeting notice, power of attorney, the subject and the description of the approval, the discussion, the election or the dismissal of directors to Market Observation Post System (MOPS) 30 days before the shareholders' meeting or 15 days before the shareholders' interim meeting. In addition, the shareholders' meeting manual and the supplementary information of the meeting and the production of electronic files shall be transmitted to MOPS 21 days before the shareholders' meeting or 15 days before the shareholders' interim meeting. In addition, before 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 and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

The matters of selecting or dismissing directors, changing the articles of association, capital reduction, application for suspension of public issuance, directors' competition license, surplus capital increase, public reserve capital increase, dissolving, merging, splitting, or the first paragraph of Article 185 of Company Act, or Article 26-1 and Article 43-6, Issuer's Raising and Issuing of Marketable Securities, Article 56-1 and Article 60-2 of the Guidelines of the Securities Exchange Act shall be Listed in the cause of the convocation, no provision may be made on a provisional motion.

The reasons for the convening of the shareholders meeting have been stated for the full re-election of directors and the date of appointment. After the re-

election of the shareholders meeting is completed, the same meeting shall not change the date of appointment by a provisional motion or other means.

Shareholders who hold more than 1 percent of the total shares can submit a written meeting to the company, but with one limitation. And if proposed motion being like what's written in the fourth paragraph of Article 172-1 of Company Act, the board of directors may not list as a bill. Shareholders may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172 of Company Act. If there are more than one proposal, all Not included in the motion.

The Company shall announce the acceptance of shareholders' proposals, written or electronic acceptance method, the acceptance of premises and the acceptance period prior to the termination of the share transfer prior to the convening of the regular shareholders meeting; the acceptance period shall not be less than ten days

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The proposing shareholders should attend the Annual Shareholders' Meeting in person or by proxy and participate in the proposal discussion.

The company shall notify the shareholders of the process of the proposals before the date of the notice convening the shareholders meeting, and shall list the proposals in this section to the meeting notice. For those proposals that are not included in the bill, the board of directors should explain the reasons for not including them in the shareholders' meeting.

4. At each shareholder meeting, shareholders must issue a power of attorney issued by the company, specifying the scope of the authorization, entrusting agents, and attending the shareholders' meeting.

A shareholder shall issue a power of attorney and limit it to one person. It shall be delivered to the company five days before the meeting of the shareholders' meeting. When the power of attorney is repeated, the first person to be delivered shall prevail. However, the delegator before revoking the statement shall not be limited to this.

After the power of attorney is delivered to the company, if the shareholder desires to attend the shareholders' meeting in person or wishes to exercise voting rights electronically or in writing, he shall notify the company in writing of cancellation of the appointment two days prior to the meeting of the shareholders; The voting rights of the person attending the exercise shall prevail.

5. (Principle of the place and time for holding shareholders meeting)

The place of the shareholders' meeting shall be in the place where the company is located or where the convenience shareholders are present and suitable for

the meeting of the shareholders. The meeting shall not begin earlier than 9:00 am or later than 3:00 pm. The independent directors' opinions shall be fully considered to decide the place and time of the meeting.

6. (Preparation of documents such as signature books)

The company shall establish a scrapbook for the attendance of the shareholders themselves or the agents entrusted by the shareholders, or the attendance of the shareholders to attend the attendance cards to sign.

The company shall deliver the manuals, annual reports, attendance cards, speeches, voting papers, and other meeting materials to the shareholders attending the shareholders meeting; if there are elected directors, an election vote shall be attached.

Shareholders should attend the shareholders' meeting with their attendance cards, attendance cards or other attendance certificates; they should be the solicitors of the solicitation request letter and should bring their identity documents for verification.

When an institution is a shareholder, the representative who attends the shareholder meeting is not limited to one person. When an institution is entrusted to attend a shareholders' meeting, only one person may be appointed to attend the meeting.

7. (Chairman of the shareholders' meeting, attendees)

If the shareholders' meeting is convened by the board of directors and the president is the chairman, the chairman appoints one person to represent the board of directors; if the chairman does not assign, the board of directors will push one person to represent each other.

If the shareholder meeting is convened by a convener other than the board of directors, the chairman is assumed by the convener. If there are more than two conveners, one person should be elected.

The company may appoint appointed lawyers, accountants or related personnel to attend the shareholders' meeting and answer relevant questions during the agenda.

8. (Conservation of recording or video recording during the meeting of shareholders)

The company shall record or videotape the entire meeting of the shareholders meeting and keep it for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of Company Act, it shall be kept until the end of the lawsuit.

9. Attendance of the meeting of shareholders should be calculated in accordance with the shareholdings. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance

cards submitted by the shareholders, combined with the shares whose voting rights is conducted by means of electronic communication.

At the time of the meeting, the chairman shall call the meeting. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced.

However, when no shareholder representing more than half of the total number of shares already issued is present, the chairman may announce a postponement of the meeting. The number of postponements shall be limited to the second time, and the total delay time shall not exceed one hour. After the second time of the postponement, the present shares are still insufficient to represent more than one-third of the total number of issued shares, the chairman shall announce the cancel of the meeting.

If after two postponements no quorum can yet be constituted but the shareholders present at the meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act, all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

After any tentative resolution is made, if the number of shares represented at the meeting becomes sufficient to constitute the quorum during the process of the meeting, the chairman may submit the tentative resolution to the meeting again for resolution as per Article 174 of the Company Act.

#### 10.(Motion Discussion)

If the shareholders' meeting is convened by the board of directors, its agenda is set by the board of directors. Votes shall be casted on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals). The meeting shall be conducted in accordance with the scheduled agenda, and may not be changed without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a caller other than the board of directors, the same rules shall apply.

Before the end of the agenda (including the provisional motion) of the first two scheduled agendas, the chairman shall not announce the adjournment without resolution.

If the chairman violates the rules of procedure and announces the adjournment, the other members of the board of directors shall promptly assist the shareholders in attending the proceedings according to law, and appoint one person to chair the meeting with the consent of more than half of the voting rights of the shareholders, and continue the meeting.

When the chairman thinks that the amendment and the provisional motion proposed reached the level to vote, he may announce to stop the discussion and put it to the vote, and arrange sufficient time for voting.



## 11.(Shareholders' speeches)

Before attending a shareholder's speech, a statement should be filled in with the statement of speech, the shareholder number and the name of the account, and the chairman should set the order of his speech.

Shareholders who only provide speech notes will be considered as not speaking. And if the speech is not consistent with the note of the speech, the speech shall prevail.

The shareholder's speech shall be made after all reports have been reported by the chairman. Each person shall not speak more than twice, and each time shall not exceed five minutes. However, with the permission of the chairman, it may be extended by five minutes and shall be limited to one extension.

Shareholders shall use the provisions of the preceding paragraph for the time and frequency of speeches for each of the items listed on the agenda for recognition and discussion, as well as various Ratifications in the temporary motion procedure.

Shareholders shall speak in response to various items in the agenda of the temporary motion that are not part of the motion. The time and frequency shall be subject to the provisions above.

If the shareholder makes a speech that violates the provisions of the preceding paragraph or exceeds the scope of the topic, the chairman may stop his speech. When a shareholder is making a speech, other shareholders shall not interrupt except with the consent of the chairman.

When an institutional shareholder appoints more than two representatives to attend the shareholders' meeting, the same motion may only be delivered by one person.

After attending the shareholder's speech, the chairman may answer the question in person or by a designated person.

## 12.(Calculation of voting shares, avoidance of interest conflict)

The voting of the shareholders' meeting shall be based on the shares.

Resolutions of the shareholders' meeting shall not be counted as the total number of shares issued to non-voting shareholders. When a shareholder has a stake in the matter of the meeting that is detrimental to the interests of the company, he shall not be included in the voting and shall not exercise his voting rights on his behalf. The number of shares not entitled to vote in the preceding paragraph shall not be counted as the number of voting rights that have been present at the shareholders.

Except for the trust business or the share agency approved by the securities regulatory authority, when a person is entrusted by more than two shareholders at the same time, the voting rights of its agent shall not exceed 3% of the total voting shares of the issued shares, and those exceeding will not count in the voting.

13. Shareholders have one voting right per share; however, those who do not have the voting power listed in the second paragraph of Article 179 of Company Act are not subject to this rule.

When the company convenes a shareholders' meeting, it may vote exercise its voting rights in writing or electronically; when it exercises voting rights in writing or electronically, its method of exercise shall be clearly stated in the shareholders' meeting convening notice. Shareholders who exercise voting rights in writing or electronically are deemed to have attended the shareholders meeting in person. However, the temporary motion of the shareholders meeting and the amendment of the original motion are deemed as abstentions.

For those who have voted in writing or electronically in the preceding paragraph, their meaning means that they should be delivered to the company two days before the meeting of shareholders. If there is any duplication of the meaning, the person who delivered the first shall prevail. However, the statement of the meaning before revocation is not limited to this.

After a shareholder has exercised voting rights in writing or electronically, if he wishes to attend the shareholder meeting he shall withdraw the meaning of the previous exercise of voting rights in the same manner as the exercise of voting rights two days prior to the meeting of the shareholders; overdue withdrawals will be made in writing or electronically. The exercise of voting rights shall prevail. If the voting rights are exercised in writing or electronically, and the proxy is entrusted to attend the shareholders' meeting, the principal's right to vote at the time of exercise shall prevail. Voting of the resolution is subject to the consent of more than half of the voting rights of the shareholders in addition to Company Act and the articles of association of the company.

When there are amendments or alternatives to the same motion, the chairman and the original case set the voting order. If one of the cases attending has been passed, other motions will be considered veto and no one will be required to vote again.

The scrutineer for the vote on the motion and the vote counting staff shall be appointed by the chairman but the scrutineers shall be the shareholder.

The vote count shall be publicly disclosed in the shareholders' meeting room.

The result of the vote shall be reported on site and recorded.

#### 14. (Election Matters)

Election of directors of the Company shall be according to the relevant election rules set by the Company and announce the results of the election right away, including the list of the elected directors and the numbers of voting rights and the list of unelected directors and number of voting rights they received.

Election tickets shall be sealed and signed by the scrutineers for safekeeping and kept for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of Company Act, it shall be kept until the end of

the lawsuit.

15. The resolutions of the shareholders' meeting shall be made into conference record, signed or sealed by the chairman, and the conference record shall be distributed to all shareholders within 20 days after the meeting. The production and distribution of the proceedings were made electronically. The conference record can be announced by uploading to the MOPS. The conference record should be written in accordance with the year, month, day, place, name of the chairman, resolution method, method, and the results of the meeting. It shall be kept forever during the existence of the company.

16. (External announcement)

The number of shares sought by the solicitor and the number of shares entrusted by the agent shall be clearly disclosed in the shareholders' meeting at the meeting on the day when the shareholders meeting is held.

If the resolutions of the shareholders' meeting are stipulated by laws and regulations and the major information stipulated by the Taiwan Stock Exchange Co., Ltd., the company shall transmit the content to the MOPS.

17. (Maintenance of Venue Order)

The personnel attending the shareholders meeting should wear an identification card or an armband.

The chairman has to command pickers or security personnel to help maintain order at the venue. When pickets or security guards are present to help maintain order, they should wear the "picker's" armband or ID card.

The chairman of the venue shall be equipped with sound reinforcement equipment. When the shareholders do not speak in accordance with the equipment allocated by the company, the chairman may stop it.

If a shareholder violates the rules of procedure and fails to obey the chairman's correction, the person precluding the meeting from proceeding to prevent him from doing so may be asked by the chairman to direct a picket or security officer to leave the venue.

18. (Taking a Break and Continue Meeting)

When the meeting is held, the chairman may announce a break at a discretionary time. When an irresistible situation occurs, the chairman may rule that the meeting should be suspended temporarily and announce the time for the meeting to continue.

Before the scheduled agenda is finalized, if the venue does not continue to be used, the shareholders' meeting may decide to move to other location to continue.

The shareholders' meeting may be postponed within 5 days or continue subject to the provisions of Article 182 of Company Act.

19. This rule will be implemented after approval by the shareholders' meeting and the amendment will follow the same procedure.

## Appendix 2

### **Rules for Election of Directors**

#### Article 1

Unless otherwise provided for in the Company Act or the Articles of Incorporation of the Company, the Directors of the Company shall be elected in accordance with the Rules specified herein.

#### Article 2

Election of Directors of the Company shall be held at the shareholders' meeting.

#### Article 3

The election of the Company's Directors shall be conducted in accordance with Article 192-1 of the Company Act under the system of nomination of candidates.

#### Article 4

In the election of Directors of the Company, the single recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or be divided to vote for several persons.

#### Article 5

The board of directors shall prepare the same number of electoral votes as the number of directors to be elected, add their weights, and distribute the shareholders present at the shareholders' meeting. Elector's name could be replaced by the attendance card number printed on the voting paper.

#### Article 6

The directors of the company shall calculate the voting rights of independent directors and non-independent directors separately according to the Articles of Incorporation of the Company. Those with the same weight will be drawn by lot, and those who are not present will be drawn by the chairman.

#### Article 7

Before the start of the election, the chairman shall designate a number of scrutineers and tellers to perform various related duties. The scrutineers shall have shareholder status. The ballot box is prepared by the board of directors, and it is opened for inspection by the scrutineers before the vote.

#### Article 8

If the elector is a shareholder, the elector must fill in the elector's account name and shareholder account number in the electoral column of the ballot paper. However, if the legal person shareholder is the elected person, the name of the elected person

in the electoral vote shall be filled with the name of the legal person, and the name of the legal person and its representative may also be filled in. When there are several representatives, the name of the representative should be added separately.

#### Article 9

Ballots shall be deemed void in either one of the following conditions:

- (1). Ballots not used by following rules ;
- (2). Those who put a blank ballot into the ballot box
- (3). The ballot that are blurred or unrecognizable due to alteration.
- (4). If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register;
- (5). If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (6). If the name of the elected candidate is the same as that of other shareholders, but the shareholder account number or identity document number is not filled in for identification.

#### Article 10

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

#### Article 11

The elected director shall be notified by the company of the election.

#### Article 12

The Rules and any revision thereof shall become effective after approval at the shareholder's meeting.

These rules are implemented after approval by the shareholders' meeting on June 16, 2006. The first revision was at the shareholders meeting on June 06, 2008. The second amendment was held on June 13, 2012. The third amendment was held on June 22, 2016.

## Appendix 3

### **Articles of Incorporation for FocalTech (before amended)**

#### **Section I General Provisions**

Article 1 The Company shall be incorporated as a limited liability company with shares defined by the Company Act and its name shall be “FocalTech Systems Co., Ltd.”.

Article 2 The scope of business of the Company shall be as follow:  
1. CC01080 Electronic component manufacturing  
2. I301010 Information Software Services  
3. IG02010 Research and Development Service  
4. I501010 Product Design  
Research, development, design, manufacture, and sales of various integrated circuits:  
(1) Providing hardware, software, application design, testing, maintenance, and technical consulting services for various integrated circuits.  
(2) Research, development and sales of IP.  
(3) Import and export activities related to the previous business.

Article 3 The Company shall have its head-office in Hsinchu Science-based Industrial Park 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.

#### **Section II Shares**

Article 5 The total capital amount of the Company shall be five billion New Taiwan Dollars accounting for five hundred million 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 5-1 If the company intends to issue employee stock options at a share price lower than the market price (net book value per share), it shall comply with the provisions of Article 56-1 and 76 of the Code of Dealing with the Offering and Issuance of Securities of the Issuer. After being resolved by the shareholders' meeting, the shares could be issued.

Article 5-2 If the company intends to transfer the shares of the company to the

employees at the price lower than the average actual purchase price, it shall comply with the provisions of Article 10-1 and Article 13 of the Measures for Buying Back Stocks of the Company by the Listed and OTC company. The approval by 2/3 of the more than 50% of the attending voting shares in the latest shareholders' meeting is required.

Article 5-3 The employees in subordinate companies are eligible for the transfer of treasury shares, allotment of new shares, the issue of employee stock options and the restriction shares with particular requirements, which are authorized to the board of directors to define.

Article 6 The share certificate of the Company shall be all name registered share certificates and shall be signed by, and affixed with the seals or signed by at least three directors of the Company, and issued after duly authentication pursuant to the law. The Company can also issue shares by registering or wiring into account books based on related regulations, rather printing physical shares.

Article 7 The company's stock handling operations, besides the provisions of laws and securities regulations, also shall be in accordance with the "Standards for the Issuance of Stocks of Public Share Issuing Companies". When the relevant laws and regulations are changed, they shall be executed at any time after the change.

Article 8 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.

### **Section III Shareholder Meeting**

Article 9 The shareholders' meeting is divided into two, ordinary meetings and temporary meetings, the regular meeting shall be convened by the board of directors within six months after the end of each fiscal year; the convening of the temporary meeting shall be conducted in accordance with the relevant laws and regulations of the Republic of China. For the shareholders' meeting convening, shall notify the shareholders and announce the date, place and convening of the meeting before 30 days for ordinary meetings and 15 days for temporary meetings. For a shareholder holding a registered stock of less than one thousand shares, the notice could be done by announcing.



- Article 9-1 Shareholders who hold 1 per cent of the total number of issued shares at the time when the company convened a regular meeting of shareholders could submit no more than one shareholder meeting proposal to the company in writing. Any proposal more than one shall not be included in the shareholders meeting. The operations are handled in accordance with Company Act and related regulations.
- Article 10 Resolutions of the shareholders' meeting may be processed in writing or electronically. Except specified by the provisions of Company Act, the resolution should be made by the agreement of more than half of the attending voting shares, which are more than half of the issued shares.
- Article 11 When the shareholders are unable to attend the shareholders' meeting, according to Article 177 of Company Act, the power of attorney shall specify the scope of authorization and entrust the agent to attend the meeting. The power of attorney shall reach the company five days before 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 12 Each share has one voting right except for the case defined in Article 179 of Company Act.
- Article 13 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 14 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 distribution of the records shall be announced in the form of an announcement. The period of record of the minutes of the proceedings and proceedings, attendance at the shareholders' signature book or attendance card, and power of attorney attendance shall be

subject to the provisions of Article 183 of Company Act.

Article 15 When the company's shares are proposed not to be traded publicly, this shall be subject to the resolution of the shareholders' meeting, and this provision will not be changed during the listing period.

#### **Section IV Directors and Audit Committee**

Article 16 The company has 7 to 9 directors, and adopts the nomination system for candidates and is elected by the shareholders' meeting with the ability to act for a term of three years. If a representative of a legal person shareholder is elected as a director, the legal person may be reassigned at any time, but only to supplement the original term. The company may with the approval of relevant laws and regulations, purchase liability insurance for directors by resolution of the board of directors, so as to reduce the risk of directors being sued by shareholders or other related parties for performing their duties according to law.

Article 16-1 The number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. The candidate nomination system shall be used. The shareholders' meeting shall elect the list of candidates for independent directors. The professional qualifications of the independent directors referred to in the preceding paragraph, restrictions on shareholding and part-time work, nomination methods, and other compliance matters shall be handled in accordance with the relevant provisions of the competent securities authority.

Article 16-2 When the directors of the company perform the duties of the company, regardless of the operating profit and loss of the company, the compensation may be paid and the remuneration is authorized by the board of directors considering the normal level of the industry.

Article 16-3 In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company sets up an audit committee and the audit committee is responsible for executing the company's law, securities trading law and other laws and regulations stipulating the authority of the supervisor. The audit committee shall consist of all independent directors, the number of whom shall be no less than three, one of which shall be the convener, and at least one shall have accounting or financial expertise. The resolution of the audit committee shall have the agreement of more than one-half of all

members.

- Article 17 When the missing amount of directors is up to one-third, the board of directors shall convene a shareholders meeting to elect new Board members within sixty days.
- Article 18 When the term of office of the director is expired but not till the re-election, except as otherwise provided in Company Act, he or she shall extend his or her duties until the re-election.
- Article 19 The Chairman shall be elected by more than 2/3 majority in the Board meeting with at least half members attending. The Chairman conducts all company affairs in accordance with laws, regulations, shareholders' meetings and board resolutions.
- Article 20 Except as otherwise provided in Company Act, the board of directors shall be convened in accordance with the provisions of Company Act. When the board of directors meets at the meeting, the directors should attend in person unless they are otherwise required by Company Act. When the directors are unable to attend in person, they will produce a power of attorney, list the scope of the authorization for the cause of the meeting, and appoint other directors to represent the board of directors. The director acts as an agent for other directors to attend the board of directors, but limited by the commission of one person.
- Article 20-1 The convening of the board of directors shall be notified to all directors by written, E-mail or fax seven days ago.  
The Board meeting could be called at any time in an emergency by notify in writing, by e-mail or by fax.
- Article 21 The chairman of the board represents the company. If the chairman leave or other reasons that makes him cannot exercise authority, the chairman of the board of directors shall appoint one person to act as the agent. In the absence of such designation, the deputy shall be elected by the directors.
- Article 22 Matters to be resolved by the board of directors shall be made into records and shall be signed or sealed by the chairman. Within 20 days after the meeting, the records will be distributed to all directors. The records of the board meeting shall notice the proceedings of the board of directors, the attendance of the board of directors shall be recorded. The agent's power of attorney attendance will be handled in accordance with Article 207 of Company Act.

- Article 23 The Board of Directors shall have the following functions and responsibilities:
1. Decision on business policy
  2. Validation of the budget
  3. Prepare financial statements to report shareholders' meeting.
  4. Amend the proposed articles of association.
  5. Execute resolutions of the shareholders meeting.
  6. Validation of the main contract.
  7. Propose a Ratification for surplus distribution or loss provision.
  8. Ratifications for capital increase or reduction.
  9. Employment of key staff.
  10. The organization rules and business rules formulation
  11. Other duties defined by laws and shareholder meeting resolutions

## **Section V Managers and staff**

Article 24 The company may have the position of the manager, whose appointment, dismissal and remuneration are in accordance with Article 29 of Company Act.

Article 24-1 The Company may, subject to the relevant laws and regulations, obtain resolutions from the board of directors and purchase liability insurance for the managers to reduce the risk of the managers being prosecuted by shareholders or other related parties for performing their duties according to law.

Article 25 The company may hire important staffs based on Board resolutions in accordance with the provisions of Article 24 of the Articles of Incorporation.

## **Section VI Accounting**

Article 26 The Board of Directors shall prepare after the close of each accounting fiscal year for the Company (1) Business Report, (2) Financial Statements, (3) Ratification of Distribution of Profit or Making Up of Loss, etc. and submit the same to the general shareholders meeting for acceptance.

Article 26-1 If the company makes a profit in the year, it should extract no less than 1% for the employee's remuneration, and be resolute by the board of directors whether to distribute it by stock or cash. The object must be employees who meet certain conditions, and the conditions are authorized by the board of directors to resolute. The company can

base on the profit amount, and let the board of directors resolute the director's remuneration which is less than 1.5%. The employee's compensation and the directors' compensation shall be reported to the shareholders' meeting. However, when the company still has accumulated losses, it should retain the amount of compensation in advance, and then provide employees' compensation and directors' compensation according to the proportion of the preceding paragraph.

- Article 27 If the Company has earnings annually, the payments to tax liability and the compensation of the accumulated deficit should be done first. Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, the special reserve shall be reversed or reserved, according to the law or operating requirements. The remaining amount plus the year beginning undistributed retained earnings is available for distribution in terms of cash or shares, which is proposed by the Board of Directors, and is required to be approved by the shareholders' meeting. The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual earning is not less than 10% of the annual dividend distribution dividends. When distributing dividends to shareholders, it can be cash or stock, in which the cash dividend is not less than 10% of the total dividend, but the cash dividend of less than NT\$0.5 per share will not be issued.
- Article 28 The company may endorse the external endorsement and may, depending on the needs of the business, lend the funds to others. Its operating methods are determined by the board of directors according to law.
- Article 29 The total amount of the company's investment is not subject to the limit of 40 percent of the paid-in capital of Company Act in Article 13.
- Article 30 The company's organization rules and operation procedures are set by the board of directors.

Article 30-1 For matters not regulated in this statute, shall be handled in accordance with the provisions of Company Act and other statutes.

Article 31 This Article was established on December 15, 2005. The first amendment was made on January 19, 2006. The second amendment was made on March 28, 2006. The third amendment was made on October 5, 2006. The fourth amendment was made on May 10, 2007. The fifth amendment was made on June 6, 2008. The sixth amendment was made on June 16, 2009. The seventh amendment was made on June 15, 2011. The eighth amendment was made on June 13, 2012. The ninth amendment was made on June 18, 2013. The tenth amendment was made on June 30, 2014. The eleventh amendment was made on January 5, 2015. The twelfth amendment was made on June 10, 2015. The thirteenth amendment was made on June 22, 2016, the fourteenth Amendment on June 20, 2019, the fifteenth Amendment on June 20, 2020, and the sixteenth Amendment on August 19, 2021.

## Appendix 4

**FocalTech Directors' Shareholding Status**

Record Date: April 11, 2022

Position	Name	Gender	Shareholding Status	
			Number of shares	Shareholding Ratio
Chairman	Genda Hu	Male	1,140,165	0.53%
Director	GWAA LLC Representative Person : Han-Ping Shieh	Male	4,158,691	1.92%
Director	GWAA LLC Representative Person : Chenming Hu	Male		
Independent Director	Chintay Shih	Male	0	0%
Independent Director	Chan-Jane Lin	Female	0	0%
Independent Director	Chang Xu	Male	0	0%
Independent Director	Xuhui Xu	Male	0	0%
Total of All Directors			5,298,856	2.45%

Note:

1. Total shares issued: 216,450,650 common shares.
2. The number of shares held by individual and all directors are listed above summarized from the shareholders' register on the date of suspension of transfer.
3. The number of the independent directors of the Company exceeds one-half of the total director seats, and an audit committee has been established in accordance with the Act, the provisions on the minimum percentage requirements from the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies shall not apply.