



Stock code: 5234

Daxin Materials Corporation

2023 Annual Shareholders' Meeting

Meeting Agenda (Translation)

June 15, 2023

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-----Disclaimer-----

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2023 ANNUAL GENERAL SHAREHOLDERS' MEETING OF DAXIN MATERIALS CORP. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

Chapter I Meeting Procedure

Daxin Materials Corporation

2023 Annual Shareholders' Meeting Procedure

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Election Item
- V. Recognition and Discussion Items
- VI. Extempore Motions
- VII. Adjournment

Chapter II Meeting Agenda

Daxin Materials Corporation 2023 Annual Shareholders' Meeting Agenda

Date and Time: 9:30 am (Thursday) June 15, 2023

Place: No.15, Keyuan 1st Rd., Xitun Dist., Taichung City, 407, Taiwan (R.O.C.)
(Daxin Materials Corporation)

Means of Meeting : Physical

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. To report the business of 2022
2. Audit Committee's review report
3. To report the distribution of employees' and directors' remuneration of 2022
4. To report the cash dividend distribution of 2022

IV. Election Item

To elect eight directors (including four independent directors)

V. Recognition and Discussion Items

1. To accept 2022 Business Report and Financial Statements
2. To accept the proposal for the distribution of 2022 earnings
3. To approve the amendment of the "Procedures for Acquisition and Disposal of Assets"
4. To lift the non-competition restriction on directors

VI. Extempore Motions

VII. Adjournment

Report Items

1. To report the Business of 2022

Explanatory Notes:

For 2022 Business Report, please refer to Attachment 1(P.7~9).

2. Audit Committee's review report

Explanatory Notes:

For Audit Committee's review report, please refer to Attachment 2(P.10).

3. To report the distribution of employees' and directors' Remuneration of 2022

Explanatory Notes:

- (1) The Board of Directors approved the distribution of 2022 employees' and directors' remuneration on February 22, 2023. The employees' remuneration is NT\$ 39,661,379 and the directors' remuneration is NT\$ 3,966,138; both shall be paid in cash.
- (2) The aforementioned amounts of remuneration to employees and Directors that are approved by the Board of Directors are the same as the amount recognized in the 2022 financial statements.

4. To report the cash dividend distribution of 2022

Explanatory Notes:

- (1) The dividend distribution in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting, in accordance with Article 15-1 of Articles of Incorporation.
- (2) The distribution of cash dividends to shareholders is NT\$338,962,506 from the retained earnings available for distribution as of December 31, 2022, and the Company distributed dividends of NT\$3.3 per common share, have been approved by the meeting of Board held on February 22, 2023. The cash dividends will be distributed to each shareholder will be paid to the rounded-down to the nearest one NTD (any amount below one NTD will be discarded). The aggregate dividend resulting from the above rounded-down, will be distributed to the shareholders in descending order of decimal point and in ascending order of shareholder account number, until the total amount of cash dividend has been fully distributed. The chairman is authorized to determine the ex-dividend date and other relevant matters.
- (3) If the dividend distribution ratio is adjusted due to a change in the Company's total number of outstanding common shares, it is proposed that the Chairman be authorized to proceed with the relevant matters.

Election Item

To elect eight directors (including four independent directors). (proposed by the Board of Directors)

Explanatory Notes:

- (1) The term of office for the sixth-term directors expired on June 18, 2023. Thus, it is proposed to re-elect at the 2023 Annual Shareholders' Meeting.
- (2) According to Article 10 of the Company's Articles of Incorporation, it is proposed to elect 8 directors (including 4 independent directors), and directors shall be elected by adopting candidate nomination system.
- (3) The term of office for the new directors is 3 years from the date for the completion of the 2023 Shareholders' Meeting. The sixth-term directors will leave their office on the date the new directors are elected.
- (4) The Company has established an audit committee. According to Article 4 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", the audit committee shall be composed of the entire number of independent directors, and at least one of whom shall have accounting or financial expertise.
- (5) The list of director candidates has been nominated and approved by the Company's Board of Directors resolution on May 3, 2023, please refer to Attachment 3 (P.11~12).

Result:

Recognition and Discussion Items

1. To accept 2022 Business Report and Financial Statements. (proposed by the Board of Directors)

Explanatory Notes:

(1) For 2022 Business Report, please refer to Attachment 1(P.7~9).

(2) The 2022 Financial Statements were audited by Chien-Hui Lu and Mei-Yu Tseng of KPMG. For Independent Auditors' Report, the aforementioned Financial Statements, please refer to Attachment 4 & 5(P.13~28).

Resolution:

2. To accept the proposal for the distribution of 2022 earnings. (proposed by the Board of Directors)

Explanatory Notes:

For the Proposal for 2022 Earnings Distribution, please refer to Attachment 6(P.29).

Resolution:

3. To approve the amendment of the “Procedures for Acquisition and Disposal of Assets”. (proposed by the Board of Directors)

Explanatory Notes:

It is proposed to amend the “Procedures for Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended by January 28 2022 Order No.

Financial-Supervisory-Securities-Corporate-1110380465. Comparison table for before and after the amendments is attached hereto as Attachment 7 (P. 30~47).

Resolution:

4. To lift the non-competition restriction on directors (proposed by the Board of Directors)

Explanatory Notes:

- (1) According to Article 209 of the 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 meeting of shareholders the essential contents of such an act and secure its approval.”
- (2) List of non-competition restrictions proposed to be lifted in the 2023 annual shareholders’ meeting. The aforementioned list is attached hereto as Attachment 8(P.48).

Resolution:

Extempore Motions

Adjournment

Chapter III Attachment

Attachment 1

Daxin Materials Corporation 2022 Business Report

2022 was a year full of challenges and uncertainty around the world. Our performance in 2022 was affected by a variety of global factors. As the display market experienced a shift from pandemic-driven demand surge to unprecedented oversupply, panel makers started to reduce production capacity due to the market downturn. Furthermore, the rise in US interest rates, inflation, and the ongoing conflict in Ukraine has significantly impacted the consumer market.

The slump in demand for panels during the second half of 2022 resulted in a 13.8% decrease in our revenue from display materials for the year, which is in sharp contrast to the 4.6% growth achieved in the first half of 2022. The gross profit margin also decreased to 32.0% from 35.7% in 2021. Despite the drop in panel prices in the second half of 2022, there are signs of recovery. Besides, several display makers have begun to scale back their capacity utilization rates. In 2023, global demand for display panel remains uncertain and display materials suppliers will face challenges due to slow inventory depletion. We will continue to enhance our competitiveness by optimizing material costs and manufacturing processes, innovating our product portfolio, and investing in next-generation display materials to adapt to the dynamic nature of the industry.

A successful semiconductor material usually requires a long period of verification process. Daxin has made endeavors in the development of semiconductor materials for many years. In 2022, our revenue from semiconductor materials increased to 5.4%, reflecting a significant rise in revenue contribution. Through our sustained investment in research and development of products, equipment, and processes, as well as strategic collaborations with top-tier semiconductor foundries and materials companies, we anticipate growth in the semiconductor materials market.

Financial Performance

1. Operating revenue

Consolidated operating revenue in 2022 was NT\$3.889 billion, representing a NT\$624 million or 13.8% decrease from NT\$4.513 billion in 2021.

2. Operating income

Consolidated operating income in 2022 was NT\$438 million, representing a NT\$330 million or 42.9% decrease from NT\$768 million in 2021.

3. Profit after tax

Profit after tax in 2022 was NT\$426 million, representing a NT\$254 million or 37.4% decrease from NT\$680 million in 2021.

Research and development:

The Company's three major product markets include display materials, semiconductor materials, and key raw materials. In 2022, we spent NT\$440 million toward research and development (R&D), and invested a significant amount of resources innovating products and advanced manufacturing technology, acquiring precision equipment and instruments, and building plants and high-purity production lines.

Display materials:

Although the overall panel production utilization declined sharply in the second half of 2022, the Company remained committed to optimizing costs, improving performance, and adjusting our product portfolio to strengthen our R&D strategy and maintain competitiveness during the industry downturn. As a result, we have made significant achievements thus far.

Liquid crystal PI alignment layer has successfully entered the market which was previously dominated by two major Japanese manufacturers, and has been generating high profits with a high entry barrier. This breakthrough has led to contributing revenue and further highlights Daxin's technological capabilities are being recognized.

Photo spacer and copper etchant have continued to maintain the leading positions in the market. In addition, the company has developed green products with higher specifications and aligned with ESG goals. Daxin has established and demonstrated its technological capabilities in independently supplying upstream key raw materials. In addition, the company has effectively increased profits from mature products.

Semiconductor and key raw materials:

The Company prioritizes and has allocated substantial resources to independent research and development of materials design, equipment, and process technologies. As a result, the company has established advanced purification technology as well as high-quality precision manufacturing technology, and supplies semiconductor-grade chemicals with high purity, low particle ($19\text{nm} < 20\text{EA/wafer}$), and low ionic impurities ($<0.1\text{ppb}$).

- **Semiconductor material products**

The Company operates in the semiconductor industry through three different approaches:

1. Independent research and development
2. Collaboration with top-tier semiconductor materials companies
3. Co-development with top-tier semiconductor foundries

The products we've developed:

Process non-permanent materials (or indirect materials) and permanent materials will be applied in semiconductor processes of FEOL, BEOL, and advanced packaging. Currently, products have been adopted by clients' production lines, and more products are under verification. In 2022, we've also completed the Angstrom Semiconductor Initiative of the Ministry of Economic Affairs (MOEA).

We have verified and jointly developed several indirect materials with customers, which will be used in the 3 nm process and beyond. Once we obtain the client's POR (Process of Record) and introduce it into mass production, we will be the first source and single source material supplier.

In addition to process indirect materials, we also invest in the development of direct permanent materials with high technical entry barriers. For instance, materials like Photosensitive Polyimide require a long verification process, but their value increase significantly once they enter mass production.

- **Key raw material products:**

The product line is primarily categorized into functional monomers and special polymers, which are applied in displays, semiconductors, and other electronic materials. Their key features include high purity and low ionic impurities. The company's expertise in processing and equipment enables them to produce small-batch and diverse types of high-end chemical products to meet the industry demand for high-quality and specialty key electronic materials. While the production and sales of these products may be time-consuming, their long product life cycle that are less affected by economic fluctuations, making them a valuable investment once successfully introduced.

Outline of Business Plan

In 2022, the Company's major revenue came from the sales of LCD materials. We will continue to optimize the manufacturing process and product portfolio to support the investment in semiconductors and key raw materials. We have been dedicated to the semiconductor industry for many years, and our efforts are yielding results as new production lines gradually obtain customer certifications. Our revenue contribution from semiconductor materials has increased in 2022, and we anticipate that it will continue to drive our business growth in the future.

The company has established semiconductor production lines in the existing factory and has already started mass production of semiconductor products. In addition, a new semiconductor material manufacturing plant has been built and installed with production lines for synthesis, purification, and formulation of high-purity semiconductor grade chemicals. We expect there will be significant growth after mass production. To enhance our performance in semiconductor and key raw materials, we will focus on two

primary operational directions: independent material development and collaboration with international manufacturers:

- Develop new materials for next-generation advanced processes and advanced packaging:
 - Establish a local supply chain of advanced semiconductor materials.
 - Supply high-purity and high-quality semiconductor chemicals.
 - Develop new materials for next-generation advanced processes and advanced packaging.
- Collaborate with top-tier semiconductor foundries and materials companies:
 - Strengthen high-quality production of high-purity chemicals for advanced wet processes.
 - Improve precision manufacturing technologies of high-purity polymer synthesis for advanced photoresists.
 - Co-develop new materials for innovative process technologies and application-specific 3D architecture.

Future outlook

Looking forward, our focus will be on developing higher specifications products in the display market to maintain our competitiveness. Furthermore, with years of dedicated efforts, semiconductor materials have begun to contribute revenue. We believe that the semiconductor industry will continue to experience long-term growth. As wafer fabs have expanded their production capacity globally, we anticipate an increased demand for key permanent materials and process chemicals, resulting in continued growth in revenue from semiconductor materials. Our comprehensive roadmap for key raw materials has enabled us to expand into multiple fields of both upstream and downstream of the industry supply chain, thus creating new business opportunities in the market.

Daxin is committed to fulfilling its role as a responsible corporate citizen and supporting the United Nation's Sustainable Development Goals (SDGs) to implement sustainable measures.

For environmental aspect, we have increased resource utilization efficiency and circular economy, and received the "2022 Waste Reduction and Circular Resources Excellent Company" and the "2022 AUO Best Circular Economy Partners Award", recognized by Central Taiwan Science Park Administration and AUO Corporation. As for social aspect, Daxin provides a safe and healthy work environment, and has been recognized as an "iSports" certified company by the Sports Administration, Ministry of Education since 2018. Daxin also continues to cultivate future talents and support scientific education, such as the "Daxin Graduate Scholarship." Besides, we have sponsored local musical events and Taiwan Fund for Children and Families (TFCF) Christmas Wish Sponsorship Program. Thus, Daxin actively develops positive relationships with all stakeholders to create value for the common good. In terms of corporate governance, Daxin established ESG Committee in 2022. The Board of Directors supervises progress towards sustainable development, and senior executives lead each department to adopt sustainable business practices. With our dedication to sound corporate governance, we will continue to deliver growth for our shareholders.

Beyond 2023, Daxin will strive to foster innovations for sustainability, and advance materials design technologies to develop environmentally friendly products. In addition to expanding the display materials market, Daxin aims to enhance semiconductor materials development to become a key supplier in the global semiconductor supply chain. Finally, we would like to extend our sincere appreciation to all shareholders for your long-term trust and continuous support.

Chairman: *Cheng-Yih Lin*

President: *Tsung-Hsing Kuo*

Chief Financial Officer: *Yen-Chen Liu*

Attachment 2

Daxin Materials Corporation Audit Committee's Review Report

The Board of Directors of the Company has prepared and submitted the Company's 2022 Business Report, earnings distribution proposal and Financial Statements (including the parent company only and consolidated financial statements). Among them, Chien-Hui Lu and Mei-Yu Tseng, Certified Public Accounts of KPMG, have audited the Financial Statements (including the parent company only and consolidated financial statements). The aforementioned business report, earnings distribution proposal, and financial statements (including the parent company only and consolidated financial statements) have been reviewed by the Audit Committee and no discrepancy is found. The report is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and we hereby submit this report.

To

2023 Annual Shareholders' Meeting of Daxin Materials Corporation

Convener of the Audit Committee: *Xin-Wu Lin*

February 22, 2023

Attachment 3

List of Director Candidates

Types of Nominee	Name	Shareholding (Note)	Education	Experience	Current Positions
Director	Chin-Cheng Pan Representative of Eternal Materials Co. Ltd.	23,423,812	M.S., Chemistry, National Cheng Kung University	Chief Operating Officer, Eternal Materials Co. Ltd. Chairman/ Director, Eternal Specialty Materials (Zhuhai) Co., Ltd. Chairman/ Director, Eternal Specialty Materials (Suzhou) Co., Ltd. Director, ESCO Specialty Coating (Shanghai) Co., Ltd. Director, Eterkon Semiconductor Materials Co., Ltd.	Chief Operating Officer, Eternal Materials Co. Ltd. Chairman/ Director, Eternal Specialty Materials (Zhuhai) Co., Ltd. Chairman/ Director, Eternal Specialty Materials (Suzhou) Co., Ltd. Director, ESCO Specialty Coating (Shanghai) Co., Ltd. Director, Eterkon Semiconductor Materials Co., Ltd. Director, Daxin Materials Corp.
Director	Ting-Li Lin Representative of Konly Venture Corporation	19,113,730	M.S., Applied Chemistry, National Chiao Tung University	Senior Vice President, AUO Corp.	Senior Vice President, AUO Corp. Director, AFPD Pte. Ltd. Director, AUO Manufacturing (Shanghai) Corp. Director, AUO (Xiamen) Corp. Director, AUO (Suzhou) Corp., Ltd. Director, BriView (Xiamen) Co.
Director	Cheng-Yih Lin	2,298,832	Ph.D., Chemical Engineering, Carnegie Mellon University	Chairman & Chief Strategy Officer, AUO Crystal Corp. Senior Vice President, AUO Corp. Director, AUO Corp.	Chairman & Chief Executive Officer, Daxin Materials Corp.
Director	Tsung-Hsing Kuo	231,911	B.S., Chemical Engineering, National Taiwan University E.M.B.A., National Sun Yat-sen University	President, Eternal Chemical Industry (China) Co., Ltd.	Director & President, Daxin Materials Corp.

Note: The shareholdings are as of April 17 2023, the book closure date of the 2023 Annual Shareholders' Meeting.

Types of Nominee	Name	Shareholding (Note)	Education	Experience	Current Positions
Independent Director	Xin-Wu Lin	0	Ph.D., Economic, National Taiwan University	Committee Member, 6th term of the Fair Trade Committee, Executive Yuan Director of Research Division III & Research Fellow, Taiwan Institute of Economic Research	Vice President, Director of Research Division III & Research Fellow, Taiwan Institute of Economic Research Independent Director, Taiwan Business Bank, Ltd. Independent Director, Fittech Co., Ltd. Chief Consultant of Antitrust Compliance, AUO Corp. Independent Director, Daxin Materials Corp.
Independent Director	Wei-Shun Cheng	0	M.S., Accounting, Northern Illinois University	Chief Financial Officer and Senior Vice President, AUO Corp. Director, Darwin Precisions Corporation Director, Raydium Semiconductor Corporation Director and Vice President, M.SETEK Co., Ltd. Director, Lextar Electronics Corp.	Director, SHIRRE LAB Corp. Independent Director, Raydium Semiconductor Corporation Independent Director, Chenbro Micom Co., Ltd. Independent Director, Unicton Technologies Corporation Independent Director, Daxin Materials Corp.
Independent Director	Chiao-Mou Cheng	0	B.S., Chemical Engineering, Chung Yuan University	Assistant Vice President, Eternal Materials Co. Ltd.	None
Independent Director	Chih-Chun Tsai	0	M.S., Computer Science, Utah State University	Senior Director, Asia/ Pac Business, Taiwan Taiwan Semiconductor Manufacturing Company Limited Assistant Researcher, Engineering Division, National Science Council	Independent Director, Leadtrend Technology Corporation Director, Coretech Optical Company, Ltd. Chairman, Hua Jieh Investment Co., Ltd.

Note: The shareholdings are as of April 17 2023, the book closure date of the 2023 Annual Shareholders' Meeting.

Attachment 4

Independent Auditors' Report

To the Board of Directors of Daxin Materials Corporation:

Opinion

We have audited the consolidated financial statements of Daxin Materials Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4(13) "Revenue recognition" for accounting policy and note 6(16) "Revenue from contracts with customers" of the consolidated financial statements for further information.

1. Revenue

Please refer to note 4(13) "Revenue recognition" for accounting policy and note 6(16) "Revenue from contracts with customers" of the consolidated financial statements for further information.

Description of the key audit matter:

Revenue generation is a key operating activity of a company, and the Group's major portion of revenue is composed of related parties' transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the Group's controls surrounding revenue recognition; understanding the Group's revenue types, its sales terms, related sales agreements and other supporting documents, to assess whether revenue recognition policies are applied appropriately; evaluating the trend of revenue; understanding the nature of related parties' transactions; performing the circularization of related-parties transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before or after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to note 4(8) "Inventory" for accounting policies on inventory valuation; note 5 for uncertainty of accounting estimation and assumptions for inventory valuation, and note 6(5) "Inventories" for details of related disclosures.

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value at the reporting date. Due to rapid product innovation and keen market competition, the Group's products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Group's controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Group's accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Group's disclosures of its inventory valuation policy and other related disclosures.

Other Matter

Daxin Materials Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Chien-Hui Lu and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Daxin Materials Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 210,906	5	214,798	5	2120	Financial liabilities at fair value through profit or loss — current	\$ 271	-	-	-
1110	Financial assets at fair value through profit or loss — current	2,738	-	1,415	-	2170	Accounts payable	463,822	10	585,416	14
1136	Financial assets measured at amortized cost — current	1,051,873	23	941,335	20	2180	Accounts payable to related parties	11,730	-	18,127	-
1170	Accounts receivable, net	347,097	8	452,785	10	2201	Payroll and bonus payable	249,179	5	271,643	6
1180	Accounts receivable due from related parties, net	666,528	15	868,821	18	2213	Payable on machinery and equipment	71,515	2	55,708	1
130X	Inventories	364,331	8	356,227	8	2230	Current tax liabilities	80,567	2	108,884	2
1476	Other financial assets — current	21,244	-	-	-	2280	Lease liabilities — current	8,489	-	8,144	-
1479	Other current assets	<u>25,140</u>	<u>1</u>	<u>36,417</u>	<u>1</u>	2322	Long-term borrowings, current portion	98,942	2	14,216	-
		<u>2,689,857</u>	<u>60</u>	<u>2,871,798</u>	<u>62</u>	2399	Other current liabilities	<u>123,706</u>	<u>3</u>	<u>144,893</u>	<u>3</u>
								<u>1,108,221</u>	<u>24</u>	<u>1,207,031</u>	<u>26</u>
Noncurrent assets:						Noncurrent liabilities:					
1535	Financial assets measured at amortized cost — noncurrent	10,350	-	10,350	-						
1600	Property, plant and equipment	1,610,314	36	1,574,842	34	2540	Long-term borrowings	273,355	6	199,284	4
1755	Right-of-use assets	173,108	4	180,150	4	2580	Lease liabilities — noncurrent	169,572	4	175,892	4
1780	Intangible assets	2,314	-	2,792	-	2645	Guarantee deposits received	-	-	132	-
1840	Deferred tax assets	12,812	-	8,478	-			<u>442,927</u>	<u>10</u>	<u>375,308</u>	<u>8</u>
1920	Guarantee deposits paid	177	-	178	-		Total liabilities	<u>1,551,148</u>	<u>34</u>	<u>1,582,339</u>	<u>34</u>
1990	Other noncurrent assets	<u>1,155</u>	<u>-</u>	<u>970</u>	<u>-</u>		Equity:				
		<u>1,810,230</u>	<u>40</u>	<u>1,777,760</u>	<u>38</u>	3110	Common stock	<u>1,027,159</u>	<u>23</u>	<u>1,027,159</u>	<u>22</u>
						3200	Capital surplus	<u>41,814</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
							Retained earnings:				
						3310	Legal reserve	543,638	12	475,597	10
						3320	Special reserve	1,303	-	1,285	-
						3350	Unappropriated retained earnings	<u>1,336,335</u>	<u>30</u>	<u>1,522,668</u>	<u>33</u>
								<u>1,881,276</u>	<u>42</u>	<u>1,999,550</u>	<u>43</u>
						3410	Exchange differences on translation of foreign financial statements	<u>(1,310)</u>	<u>-</u>	<u>(1,304)</u>	<u>-</u>
							Total equity	<u>2,948,939</u>	<u>66</u>	<u>3,067,219</u>	<u>66</u>
Total assets		<u>\$ 4,500,087</u>	<u>100</u>	<u>4,649,558</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,500,087</u>	<u>100</u>	<u>4,649,558</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue	\$ 3,889,236	100	4,513,434	100
5000	Operating costs	<u>2,643,158</u>	<u>68</u>	<u>2,902,708</u>	<u>64</u>
	Gross profit from operations	<u>1,246,078</u>	<u>32</u>	<u>1,610,726</u>	<u>36</u>
	Operating expenses:				
6100	Selling expenses	186,184	5	209,272	5
6200	Administrative expenses	176,171	5	181,749	4
6300	Research and development expenses	442,683	11	439,994	10
6450	Expected credit losses	<u>3,000</u>	<u>-</u>	<u>12,102</u>	<u>-</u>
	Total operating expenses	<u>808,038</u>	<u>21</u>	<u>843,117</u>	<u>19</u>
	Operating income	<u>438,040</u>	<u>11</u>	<u>767,609</u>	<u>17</u>
	Non-operating income and expenses:				
7020	Other gains and losses	45,458	1	3,280	-
7100	Interest income	6,815	-	4,702	-
7510	Interest expense	<u>(5,122)</u>	<u>-</u>	<u>(3,978)</u>	<u>-</u>
	Total non-operating income and expenses	<u>47,151</u>	<u>1</u>	<u>4,004</u>	<u>-</u>
	Profit before income tax	485,191	12	771,613	17
7950	Less: Income tax expenses	<u>59,071</u>	<u>1</u>	<u>91,203</u>	<u>2</u>
	Net income	<u>426,120</u>	<u>11</u>	<u>680,410</u>	<u>15</u>
8300	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(6)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(6)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>(6)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 426,114</u>	<u>11</u>	<u>680,391</u>	<u>15</u>
	Earnings per share (NT dollars)				
	Basic earnings per share	<u>\$ 4.15</u>		<u>6.62</u>	
	Diluted earnings per share	<u>\$ 4.12</u>		<u>6.59</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Exchange differences on translation of foreign financial statements	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	
Balance at January 1, 2021	\$ 1,027,159	41,814	412,467	1,283	1,418,970	1,832,720	(1,285) 2,900,408
Net income	-	-	-	-	680,410	680,410	- 680,410
Other comprehensive income (loss)	-	-	-	-	-	-	(19) (19)
Total comprehensive income	-	-	-	-	680,410	680,410	(19) 680,391
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	63,130	-	(63,130)	-	- -
Special reserve appropriated	-	-	-	2	(2)	-	- -
Cash dividends to shareholders	-	-	-	-	(513,580)	(513,580)	- (513,580)
Balance at December 31, 2021	1,027,159	41,814	475,597	1,285	1,522,668	1,999,550	(1,304) 3,067,219
Net income	-	-	-	-	426,120	426,120	- 426,120
Other comprehensive income (loss)	-	-	-	-	-	-	(6) (6)
Total comprehensive income	-	-	-	-	426,120	426,120	(6) 426,114
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	68,041	-	(68,041)	-	- -
Special reserve appropriated	-	-	-	18	(18)	-	- -
Cash dividends to shareholders	-	-	-	-	(544,394)	(544,394)	- (544,394)
Balance at December 31, 2022	<u>\$ 1,027,159</u>	<u>41,814</u>	<u>543,638</u>	<u>1,303</u>	<u>1,336,335</u>	<u>1,881,276</u>	<u>(1,310) 2,948,939</u>

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before income tax	\$ 485,191	771,613
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	218,182	213,147
Amortization	3,240	2,920
Expected credit losses	3,000	12,102
Net loss (gain) on financial instruments at fair value through profit or loss	(1,052)	437
Interest expense	5,122	3,978
Interest income	(6,815)	(4,702)
Loss on disposal of property, plant and equipment	-	261
Provisions for inventory obsolescence and devaluation loss	16,999	9,088
Others	555	757
Changes in operating assets and liabilities:		
Accounts receivable	102,688	(41,713)
Accounts receivable due from related parties	202,293	(64,016)
Other financial assets – current	(21,244)	-
Inventories	(25,103)	(79,662)
Other current assets	11,277	(6,119)
Financial assets measured at amortized cost – current	(159)	3
Accounts payable	(121,594)	42,836
Accounts payable to related parties	(6,397)	(2,122)
Other current liabilities	(43,753)	17,847
Cash generated from operations	822,430	876,655
Interest received	6,686	4,683
Interest paid	(5,020)	(3,956)
Income taxes paid	(91,722)	(90,268)
Net cash provided by operating activities	732,374	787,114
Cash flows from investing activities:		
Disposal of (Acquisition of) financial assets at amortized cost	(110,250)	11,250
Acquisition of property, plant and equipment	(228,969)	(397,853)
Decrease in refundable deposits	1	150
Acquisition of intangible assets	(2,762)	(2,360)
Decrease (increase) in other noncurrent assets	(185)	288
Net cash used in investing activities	(342,165)	(388,525)
Cash flows from financing activities:		
Proceeds from short-term borrowings	120,000	230,000
Repayments of short-term borrowings	(120,000)	(230,000)
Proceeds from long-term borrowings	181,500	54,300
Repayments of long-term borrowings	(22,703)	-
Decrease in guarantee deposits received	(132)	(6)
Repayment of the principal portion of lease liabilities	(8,366)	(8,181)
Cash dividends paid	(544,394)	(513,580)
Net cash used in financing activities	(394,095)	(467,467)
Effect of exchange rate changes on cash and cash equivalents	(6)	(19)
Net decrease in cash and cash equivalents	(3,892)	(68,897)
Cash and cash equivalents at beginning of period	214,798	283,695
Cash and cash equivalents at end of period	\$ 210,906	214,798

Attachment 5

Independent Auditors' Report

To the Board of Directors of Daxin Materials Corporation:

Opinion

We have audited the parent-company-only financial statements of Daxin Materials Corporation("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 Accountant and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4(13) "Revenue recognition" for accounting policy and note 6(17) "Revenue from contracts with customers" of the parent-company-only financial statements for further information.

Description of the key audit matter:

Revenue generation is a key operating activity of a company, and the Company's major portion of revenue is composed of related parties' transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the Company's controls surrounding revenue recognition; understanding the Company's revenue types, its sales terms, related sales agreements and other supporting documents, to assess whether revenue recognition policies are applied appropriately; evaluating the trend of revenue; understanding the nature of related parties' transactions; performing the circularization of related-parties transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before or after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to note 4(7) "Inventory" for accounting policies on inventory valuation; note 5 for uncertainty of accounting estimation and assumptions for inventory valuation, and note 6(5) "Inventories" for details of related disclosures.

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value at the reporting date. Due to rapid product innovation and keen market competition, the Company's products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Company's controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Company's accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Company's disclosures of its inventory valuation policy and other related disclosures.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent-company-only 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 parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies in other entities accounted for using the equity method 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 parent-company-only financial statements of the current period 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 Chien-Hui Lu and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Notes to Readers

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

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

Daxin Materials Corporation**Balance Sheets****December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 210,769	5	214,655	5	2120	Financial liabilities at fair value through profit or loss — current	\$ 271	-	-	-
1110	Financial assets at fair value through profit or loss — current	2,738	-	1,415	-	2170	Accounts payable	463,822	10	585,416	14
1136	Financial assets measured at amortized cost — current	1,051,873	23	941,335	20	2180	Accounts payable to related parties	11,730	-	18,127	-
1170	Accounts receivable, net	347,097	8	452,785	10	2201	Payroll and bonus payable	249,179	5	271,643	6
1180	Accounts receivable due from related parties, net	666,528	15	868,821	18	2213	Payable on machinery and equipment	71,515	2	55,708	1
130X	Inventories	364,331	8	356,227	8	2230	Current tax liabilities	80,567	2	108,884	2
1476	Other financial assets — current	21,244	-	-	-	2280	Lease liabilities — current	8,489	-	8,144	-
1479	Other current assets	<u>25,140</u>	<u>1</u>	<u>36,417</u>	<u>1</u>	2322	Long-term borrowings, current portion	98,942	2	14,216	-
		<u>2,689,720</u>	<u>60</u>	<u>2,871,655</u>	<u>62</u>	2399	Other current liabilities	<u>123,706</u>	<u>3</u>	<u>144,893</u>	<u>3</u>
								<u>1,108,221</u>	<u>24</u>	<u>1,207,031</u>	<u>26</u>
Noncurrent assets:						Noncurrent liabilities:					
1535	Financial assets measured at amortized cost — noncurrent	10,350	-	10,350	-						
1550	Investments accounted for using equity method	137	-	143	-	2540	Long-term borrowings	273,355	6	199,284	4
1600	Property, plant and equipment	1,610,314	36	1,574,842	34	2580	Lease liabilities — noncurrent	169,572	4	175,892	4
1755	Right-of-use assets	173,108	4	180,150	4	2645	Guarantee deposits received	-	-	132	-
1780	Intangible assets	2,314	-	2,792	-			<u>442,927</u>	<u>10</u>	<u>375,308</u>	<u>8</u>
1840	Deferred tax assets	12,812	-	8,478	-		Total liabilities	<u>1,551,148</u>	<u>34</u>	<u>1,582,339</u>	<u>34</u>
1920	Guarantee deposits paid	177	-	178	-		Equity:				
1990	Other noncurrent assets	<u>1,155</u>	<u>-</u>	<u>970</u>	<u>-</u>	3110	Common stock	<u>1,027,159</u>	<u>23</u>	<u>1,027,159</u>	<u>22</u>
		<u>1,810,367</u>	<u>40</u>	<u>1,777,903</u>	<u>38</u>	3200	Capital surplus	<u>41,814</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
							Retained earnings:				
						3310	Legal reserve	543,638	12	475,597	10
						3320	Special reserve	1,303	-	1,285	-
						3350	Unappropriated retained earnings	<u>1,336,335</u>	<u>30</u>	<u>1,522,668</u>	<u>33</u>
								<u>1,881,276</u>	<u>42</u>	<u>1,999,550</u>	<u>43</u>
						3410	Exchange differences on translation of foreign financial statements	<u>(1,310)</u>	<u>-</u>	<u>(1,304)</u>	<u>-</u>
							Total equity	<u>2,948,939</u>	<u>66</u>	<u>3,067,219</u>	<u>66</u>
Total assets		<u>\$ 4,500,087</u>	<u>100</u>	<u>4,649,558</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,500,087</u>	<u>100</u>	<u>4,649,558</u>	<u>100</u>

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

Daxin Materials Corporation

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue	\$ 3,889,236	100	4,513,434	100
5000	Operating costs	<u>2,643,158</u>	<u>68</u>	<u>2,902,708</u>	<u>64</u>
	Gross profit from operations	<u>1,246,078</u>	<u>32</u>	<u>1,610,726</u>	<u>36</u>
	Operating expenses:				
6100	Selling expenses	186,184	5	209,272	5
6200	Administrative expenses	176,171	5	181,749	4
6300	Research and development expenses	442,683	11	439,994	10
6450	Expected credit losses	<u>3,000</u>	<u>-</u>	<u>12,102</u>	<u>-</u>
	Total operating expenses	<u>808,038</u>	<u>21</u>	<u>843,117</u>	<u>19</u>
	Operating income	<u>438,040</u>	<u>11</u>	<u>767,609</u>	<u>17</u>
	Non-operating income and expenses:				
7020	Other gains and losses	45,458	1	3,280	-
7100	Interest income	6,815	-	4,702	-
7510	Interest expense	<u>(5,122)</u>	<u>-</u>	<u>(3,978)</u>	<u>-</u>
	Total non-operating income and expenses	<u>47,151</u>	<u>1</u>	<u>4,004</u>	<u>-</u>
	Profit before income tax	485,191	12	771,613	17
7950	Less: Income tax expense	<u>59,071</u>	<u>1</u>	<u>91,203</u>	<u>2</u>
	Net income	<u>426,120</u>	<u>11</u>	<u>680,410</u>	<u>15</u>
8300	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(6)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(6)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>(6)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 426,114</u>	<u>11</u>	<u>680,391</u>	<u>15</u>
	Earnings per share (NT dollars)				
9750	Basic earnings per share	<u>\$ 4.15</u>		<u>6.62</u>	
9850	Diluted earnings per share	<u>\$ 4.12</u>		<u>6.59</u>	

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

Daxin Materials Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Exchange differences on translation of foreign financial statements	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	
Balance at January 1, 2021	\$ 1,027,159	41,814	412,467	1,283	1,418,970	1,832,720	(1,285) 2,900,408
Net income	-	-	-	-	680,410	680,410	- 680,410
Other comprehensive income (loss)	-	-	-	-	-	-	(19) (19)
Total comprehensive income	-	-	-	-	680,410	680,410	(19) 680,391
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	63,130	-	(63,130)	-	- -
Special reserve appropriated	-	-	-	2	(2)	-	- -
Cash dividends to shareholders	-	-	-	-	(513,580)	(513,580)	- (513,580)
Balance at December 31, 2021	1,027,159	41,814	475,597	1,285	1,522,668	1,999,550	(1,304) 3,067,219
Net income	-	-	-	-	426,120	426,120	- 426,120
Other comprehensive income (loss)	-	-	-	-	-	-	(6) (6)
Total comprehensive income	-	-	-	-	426,120	426,120	(6) 426,114
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	68,041	-	(68,041)	-	- -
Special reserve appropriated	-	-	-	18	(18)	-	- -
Cash dividends to shareholders	-	-	-	-	(544,394)	(544,394)	- (544,394)
Balance at December 31, 2022	<u>\$ 1,027,159</u>	<u>41,814</u>	<u>543,638</u>	<u>1,303</u>	<u>1,336,335</u>	<u>1,881,276</u>	<u>(1,310) 2,948,939</u>

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

Daxin Materials Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before income tax	\$ 485,191	771,613
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	218,182	213,147
Amortization	3,240	2,920
Expected credit losses	3,000	12,102
Net loss (gain) on financial instruments at fair value through profit or loss	(1,052)	437
Interest expense	5,122	3,978
Interest income	(6,815)	(4,702)
Loss on disposal of property, plant and equipment	-	261
Provisions for inventory obsolescence and devaluation loss	16,999	9,088
Others	555	757
Changes in operating assets and liabilities:		
Accounts receivable	102,688	(41,713)
Accounts receivable due from related parties	202,293	(64,016)
Other financial assets – current	(21,244)	-
Inventories	(25,103)	(79,662)
Other current assets	11,277	(6,119)
Financial assets measured at amortized cost – current	(159)	3
Accounts payable	(121,594)	42,836
Accounts payable to related parties	(6,397)	(2,122)
Other current liabilities	(43,753)	17,847
Cash generated from operations	822,430	876,655
Interest received	6,686	4,683
Interest paid	(5,020)	(3,956)
Income taxes paid	(91,722)	(90,268)
Net cash provided by operating activities	732,374	787,114
Cash flows from investing activities:		
Disposal of (Acquisition of) financial assets at amortized cost	(110,250)	11,250
Acquisition of property, plant and equipment	(228,969)	(397,853)
Decrease in refundable deposits	1	150
Acquisition of intangible assets	(2,762)	(2,360)
Decrease (increase) in other noncurrent assets	(185)	288
Net cash used in investing activities	(342,165)	(388,525)
Cash flows from financing activities:		
Proceeds from short-term borrowings	120,000	230,000
Repayments of short-term borrowings	(120,000)	(230,000)
Proceeds from long-term borrowings	181,500	54,300
Repayments of long-term borrowings	(22,703)	-
Decrease in guarantee deposits received	(132)	(6)
Repayment of the principal portion of lease liabilities	(8,366)	(8,181)
Cash dividends paid	(544,394)	(513,580)
Net cash used in financing activities	(394,095)	(467,467)
Net decrease in cash and cash equivalents	(3,886)	(68,878)
Cash and cash equivalents at beginning of period	214,655	283,533
Cash and cash equivalents at end of period	\$ 210,769	214,655

Attachment 6

Daxin Materials Corporation 2022 Earnings Distribution Table

Unit: (NT\$)

Item	Amount
Unappropriate retained earnings of previous years	910,213,858
Net income of 2022	426,120,233
Less:	
Legal reserve	42,612,023
Special reserve	6,533
Retained earnings in 2022 available for distribution	383,501,677
Retained earnings available for distribution as of December 31, 2022	1,293,715,535
Distribution items:	
Cash dividends to common shareholders (NT\$ 3.3 per share, i.e, NT\$ 3,300 for every 1000 shares)	338,962,506
Unappropriated retained earnings	954,753,029

Attachment 7

Comparison Table for the Procedures for Acquisition and Disposal of Assets Before and After Amendment

The amendments are made in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as “the Regulations”) amended by January 28 2022 Order No. Financial-Supervisory-Securities-Corporate-1110380465.

Before amendment	After amendment	Reason of amendment
Article 1: Purpose	<u>Section I General Principles</u> Article 1: Purpose	To add the Section I
Article 2: Scope of Application (Omitted)	Article 2: Scope of Application <u>The term "assets" as used in these Procedures includes the following:</u> (Omitted)	To comply with the amendment of related regulations
Article 3: Terminology 1. The term “transfer of shares” in the Procedures refers to transfer of shares from another company through issuance of new shares of its own as the consideration under the Company Act. Assets acquired or disposed through mergers, demergers, or acquisitions in accordance with law refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act or other acts. 2. The terms “Related party” and “subsidiary” in the Procedures are as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 3. The term “Professional appraiser” in the Procedures refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 4. The term “Date of occurrence” in the Procedures refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall prevail. 5. The term “Mainland China area investment” in the Procedures refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. 6. The Term “Most recent financial report” in the Procedures refers to the financial reports	Article 3: Terminology <u>Terms used in these Procedures are defined as follows:</u> 1. The term “transfer of shares” in the Procedures refers to transfer of shares from another company through issuance of new shares of its own as the consideration under the Company Act. Assets acquired or disposed through mergers, demergers, or acquisitions, <u>or transfer of shares</u> in accordance with law; # Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act or and other acts, <u>or to transfer of shares from another company through issuance of new shares of its own as the consideration (hereinafter "transfer of shares") under the Company Act.</u> 2. The terms “Related party” and “subsidiary” in the Procedures are: <u>a</u> As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 3. The term “Professional appraiser” in the Procedures: <u>R</u> Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 4. The term “Date of occurrence” in the Procedures: <u>R</u> Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall prevail. 5. The term “Mainland China area investment” in the Procedures: <u>R</u> Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. 6. The Term “Most recent financial report” in the Procedures: <u>R</u> Refers to the financial	To comply with the amendment of related regulations

Before amendment	After amendment	Reason of amendment																																																												
certified or reviewed by certified public accountants and published prior to the date the Company acquires or disposes of the assets. 7. The term “Public announcement and regulatory filing” in the Procedures refers to the process of entering data to the information reporting website designated by the Financial Supervisory Commission. 8. Terms not defined in the Procedures shall be pursuant to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” established by the competent authorities.	reports certified or reviewed by certified public accountants and published prior to the date the Company acquires or disposes of the assets. 7. The term “Public announcement and regulatory filing” in the Procedures: [#]Refers to the process of entering data to the information reporting website designated by the Financial Supervisory Commission. 8. Terms not defined in the Procedures shall be pursuant to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” established by the competent authorities.																																																													
Article 4: Operation Procedures and Limits 1. To conduct any acquisition or disposal of assets, the in charge division shall submit to the authority division the reason for the proposed acquisition or disposal, the object, the transaction counterparty, the transfer price, the payment terms, and the price reference for their approval in accordance with the Procedures, and then the acquisition or disposal of assets shall be implemented by relevant division. 2. Limits and authorization: Unit: NT\$, % <table><tr><th>Assets</th><th>Approver</th><th>Authority</th><th>Aggregate Investment Limit</th><th>Individual Investment Limit</th></tr><tr><td>Real property for business use</td><td>Board of Directors</td><td></td><td></td><td></td></tr><tr><td>Real property not for business use</td><td>Board of Directors</td><td></td><td>30% of the net worth</td><td>15% of the net worth</td></tr><tr><td>Equipment or right-of-use assets</td><td>Board of Directors</td><td>Over 100 million</td><td></td><td></td></tr><tr><td>Real property right-of-use assets</td><td>Board of Directors</td><td>Over 500 million</td><td></td><td></td></tr><tr><td>Long-term securities (Excl. long-term bonds)</td><td>Board of Directors</td><td></td><td>50% of the net worth</td><td>25% of the net worth</td></tr><tr><td>Long-term bonds</td><td>Chairman President</td><td>Over 50 million 50 million (incl.) and below</td><td>50% of the net worth</td><td>15% of the net worth</td></tr><tr><td colspan="5">※ Besides government bonds, if the invested long-term bonds are corporate bonds, the bonds must be secured.</td></tr><tr><td>Short-term securities</td><td>President Chief Financial Officer</td><td>Over 50 million 50 million (incl.) and below</td><td>40% of the net worth</td><td>15% of the net worth</td></tr><tr><td colspan="5">※ The Company may not engage in short-term share trading.</td></tr><tr><td>Membership</td><td>Board of Directors Chairman</td><td>Over 3 million 3 million (incl.) and below</td><td></td><td></td></tr><tr><td>Intangible assets and other important assets</td><td>Board of Directors Chairman President</td><td>Over 100 million 50 million~100 million (incl.) 50 million (incl.) and below</td><td></td><td></td></tr></table> Note: “Net worth” in this table means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	Assets	Approver	Authority	Aggregate Investment Limit	Individual Investment Limit	Real property for business use	Board of Directors				Real property not for business use	Board of Directors		30% of the net worth	15% of the net worth	Equipment or right-of-use assets	Board of Directors	Over 100 million			Real property right-of-use assets	Board of Directors	Over 500 million			Long-term securities (Excl. long-term bonds)	Board of Directors		50% of the net worth	25% of the net worth	Long-term bonds	Chairman President	Over 50 million 50 million (incl.) and below	50% of the net worth	15% of the net worth	※ Besides government bonds, if the invested long-term bonds are corporate bonds, the bonds must be secured.					Short-term securities	President Chief Financial Officer	Over 50 million 50 million (incl.) and below	40% of the net worth	15% of the net worth	※ The Company may not engage in short-term share trading.					Membership	Board of Directors Chairman	Over 3 million 3 million (incl.) and below			Intangible assets and other important assets	Board of Directors Chairman President	Over 100 million 50 million~100 million (incl.) 50 million (incl.) and below			<u>Section II Acquisition or Disposal of Assets</u> Article 4: Operation Procedures and Limits 1=To conduct any acquisition or disposal of assets, the in charge division shall submit to the authority division the reason for the proposed acquisition or disposal, the object, the transaction counterparty, the transfer price, the payment terms, and the price reference for their approval in accordance with the Procedures, and then the acquisition or disposal of assets shall be implemented by relevant division. 2=<u>The limits and authorization of the acquisition or disposal of assets are appended to the Procedure as shown in the Attachment.</u>	To add the Section II and adjust orders of paragraph.
Assets	Approver	Authority	Aggregate Investment Limit	Individual Investment Limit																																																										
Real property for business use	Board of Directors																																																													
Real property not for business use	Board of Directors		30% of the net worth	15% of the net worth																																																										
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Membership	Board of Directors Chairman	Over 3 million 3 million (incl.) and below																																																												
Intangible assets and other important assets	Board of Directors Chairman President	Over 100 million 50 million~100 million (incl.) 50 million (incl.) and below																																																												

Before amendment	After amendment	Reason of amendment
Article 6 : Procedure of Evaluation 1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with	Article 6 <u>5</u>:- Procedure of Evaluation <u>The evaluating procedures for acquiring or disposing of assets are as follows:</u> 1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with	1. To adjust orders of article and paragraph. 2. Amended in accordance with Article 5 and Articles 9 to 11 of the Regulations: - To clarify the regulation for compliance and responsibilities of external experts. - To remove the wording that accountants complying with Statement of Auditing Standards. 3. To avoid inconsistency with the order, delete the exception that the price opinion issued by CPA should be obtained.

Before amendment	After amendment	Reason of amendment
the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC. The above shall not apply for the following circumstances: (1) Acquisition of securities through establishment or establishment by public offering. (2) Participation in the subscription to securities issued at par for cash capital increase in accordance with the relevant laws and regulations. (3) Participation in the subscription to securities issued for cash capital increase by a 100% owned subsidiary in accordance with the relevant laws and regulations. (4) Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks. (5) Government bonds, or RP/RS bonds. (6) Domestic or foreign funds. (7) TWSE/TPEx-listed stocks acquired or disposed of in accordance with the TWSE or TPEx rules governing the acquisition of listed securities or rules governing the auction of listed securities. (8) (Participation in subscription to shares issued by a public company for a cash capital increase, with the further requirement that the securities acquired are not privately placed securities. (9) Subscription to a fund before the establishment of the fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, and Jin-Guan-Zheng-4-Zi Order Number 0930005249 dated November 1, 2004 by the FSC. (10) Subscription to or redemption of a domestic privately placed fund, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund. 3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of FSC. The above shall not apply for the following circumstances: (1) Acquisition of securities through establishment or establishment by public offering. (2) Participation in the subscription to securities issued at par for cash capital increase in accordance with the relevant laws and regulations. (3) Participation in the subscription to securities issued for cash capital increase by a 100% owned subsidiary in accordance with the relevant laws and regulations. (4) Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks. (5) Government bonds, or RP/RS bonds. (6) Domestic or foreign funds. (7) TWSE/TPEx-listed stocks acquired or disposed of in accordance with the TWSE or TPEx rules governing the acquisition of listed securities or rules governing the auction of listed securities. (8) (Participation in subscription to shares issued by a public company for a cash capital increase, with the further requirement that the securities acquired are not privately placed securities. (9) Subscription to a fund before the establishment of the fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, and Jin-Guan-Zheng-4-Zi Order Number 0930005249 dated November 1, 2004 by the FSC. (10) Subscription to or redemption of a domestic privately placed fund, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund. 3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. <u>The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</u>	

Before amendment	After amendment	Reason of amendment
4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. (2) May not be a related party or de facto related party of any party to the transaction. (3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding subparagraph shall comply with the following: (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations. 5. The calculation of the transaction amounts referred to paragraphs 1 to 3 shall be done in accordance with Article 5, paragraph 1, subparagraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	<u>Article 6</u> 4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding subparagraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong and with</u> the following: 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable and accurate, and that they have complied with applicable laws and regulations. 5. The calculation of the transaction amounts referred to paragraphs 1 to 3 shall be done in accordance with Article 5, paragraph 1, subparagraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	

Before amendment	After amendment	Reason of amendment
6. Where the assets are acquired or disposed through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	Article 7 6.Where the assets are acquired or disposed through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	
Article 7: Related Party Transactions 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6 and this Article. The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with Article 5, paragraph 1, subparagraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	Section III Related Party Transactions Article 7: Related Party Transactions 1.When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6 the preceding Section and this Article Section. The calculation of the transaction amounts referred to in this the preceding paragraph shall be done in accordance with Article 5, paragraph 12 subparagraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	1. To add the Section III and comply with the amendment of related regulations. 2. To adjust orders of article and paragraph. 3. Amended in accordance with Article 15 of the Regulations. To reinforce the management of transactions between related parties, if the transaction amount of the acquisition or disposal of assets between the company and related parties reaches 10 percent or more of the Company's total assets, it shall be submitted to the shareholders meeting for approval before the transaction.
2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and Board of Directors: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a transaction counterparty. (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the paragraph 3, 4 and 5. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5) Monthly cash flow forecasts for the year commencing from the anticipated month of	Article 9 2.When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and Board of Directors: (1).The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2). The reason for choosing the related party as a transaction counterparty. (3). With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the paragraph 3, 4 and 5 Article 10 and Article 11. (4). The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. (5). Monthly cash flow forecasts for the year commencing from the anticipated month of	

Before amendment	After amendment	Reason of amendment
signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1. (7) Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with Article 5, paragraph 1, subparagraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article4 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting: (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property right-of-use assets held for business use. Where the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to paragraph 2, 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. Where an audit committee has been established, the matters for which paragraph 2 requires approval from the board of directors shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 13, paragraphs 3 and 4.	signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 <u>preceding article</u>. (7) Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in this paragraph shall be done in accordance with Article 5, paragraph 1, subparagraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article4 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting: (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real property right-of-use assets held for business use. Where the position of independent director has been created, wWhen a matter is submitted for discussion by the board of directors pursuant to paragraph 2<u>1</u>, 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. Where an audit committee has been established, tThe matters for which paragraph 2<u>1</u> requires approval from the board of directors shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 13<u>27</u>, paragraphs 3 and 4. <u>If the Company or a subsidiaries thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the 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> <u>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 22, 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 shareholders meeting or Board of Directors need not be counted toward the transaction amount.</u>	

Before amendment	After amendment	Reason of amendment
3. The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means and shall also engage a CPA to check the appraisal and render a specific opinion: (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. (3) 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. 4. 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 paragraph 2, and the paragraph 3 do not apply: (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. (4) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.	<u>Article 10</u> 2 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means and shall also engage a CPA to check the appraisal and render a specific opinion: 1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. 3 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. <u>The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</u> 4 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 paragraph 2 <u>preceding article</u>, and the <u>preceding three</u> paragraphs 3 do not apply: 1 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. 3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4 The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.	

Before amendment	After amendment	Reason of amendment
5. When the results of appraisal conducted in accordance with paragraph 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 6. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: A. Where undeveloped land is appraised in accordance with the means in this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices. (2) Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.	<u>Article 11</u> 5 When the results of appraisal conducted in accordance with paragraph 3 <u>1 and paragraph 2 of the preceding Article</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 6 <u>Article 12</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: A <u>(1)</u> Where undeveloped land is appraised in accordance with the means in this <u>the preceding</u> Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. B <u>(2)</u> Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices. 2 Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.	
6. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with this Articles are uniformly lower than the transaction price, the following steps shall be taken: (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the	<u>Article 12</u> 6 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with this Articles <u>the preceding two articles</u> are uniformly lower than the transaction price, the following steps shall be taken: 1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the	

Before amendment	After amendment	Reason of amendment
appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. (2) Audit committee shall comply with Article 218 of the Company Act. (3) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under this Article may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two subparagraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.	appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. (2) Audit committee shall comply with Article 218 of the Company Act. (3) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under this Article <u>the preceding paragraph</u> may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two sub paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.	
Article 8: Engaging in Derivatives Trading Matters regarding derivatives trading shall be handled in accordance with the Company's "Procedures of Engaging in Derivatives Transactions"	<u>Section IV Derivatives Trading</u> Article 8<u>13</u> Engaging in Derivatives Trading Matters regarding <u>The Company engaging in</u> derivatives trading shall be handled in accordance with the Company's "Procedures of Engaging in Derivatives Transactions"	To add the Section IV and adjust orders of article.
Article 9: Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares 1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.	<u>Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</u> Article 9<u>14</u> Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public <u>the</u> Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public <u>Company</u> directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.	1. To add the Section V and comply with the amendment of related regulations. 2. To adjust orders of article and paragraph.

Before amendment	After amendment	Reason of amendment
2. A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.	Article 15 2A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the this preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.	
3. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.	Article 16 3A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the	

Before amendment	After amendment	Reason of amendment
	<u>Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</u> <u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.</u>	
4. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.	<u>Article 17</u> 4 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.	
5. When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. (2) An action, such as a disposal of major assets, that affects the company's financial operations. (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.	<u>Article 18</u> 5 When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: 1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2 An action, such as a disposal of major assets, that affects the company's financial operations. 3 An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. 4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.	
6. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: (1) Handling of breach of contract. (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.	<u>Article 19</u> 6 The contract for participation by a public <u>the eC</u> company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: 1 Handling of breach of contract. 2 Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.	

Before amendment	After amendment	Reason of amendment
(3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. (4) The manner of handling changes in the number of participating entities or companies. (5) Preliminary progress schedule for plan execution, and anticipated completion date. (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.	demerged. (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. (4) The manner of handling changes in the number of participating entities or companies. (5) Preliminary progress schedule for plan execution, and anticipated completion date. (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.	
7. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew. 8. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. 9. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. 10. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company shall sign an agreement with such company whereby the latter is required to abide by paragraph 8 and paragraph 9.	<u>Article 20</u> 7. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew. 8. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. 9. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. 10. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company shall sign an agreement with such company whereby the latter is required to abide by paragraph 8 and paragraph 9.	

Before amendment	After amendment	Reason of amendment
11. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of this Article.	<u>Article 21</u> 11 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of this Article <u>16, Article 17, and the preceding article</u>.	
Article 5: Announcement and Reporting Procedures 1. Under any of the following circumstances, the Company and subsidiaries acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (2) Merger, demerger, acquisition, or transfer of shares. (3) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more. (4) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million. (5) Where an asset transaction other than any of those referred to in the preceding four subparagraphs or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of domestic government bonds. B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (6) The amount of transactions in paragraph 1 shall be calculated as follows: A. The amount of any individual transaction.	<u>Section VI Public Disclosure of Information</u> Article 522 Announcement and Reporting Procedures 1 Under any of the following circumstances, the Company and subsidiaries acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2 Merger, demerger, acquisition, or transfer of shares. 3 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more. 4 Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million. 5 Where an asset transaction other than any of those referred to in the preceding four subparagraphs or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A (1) Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan</u>. B (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 6 The amount of transactions in <u>the preceding</u> paragraph 1 shall be calculated as follows:	1. To add the Section VI and adjust orders of article and paragraph. 2. The subsidiaries' announcement procedures have been regulated in Article 25, Paragraph 2, so delete the wording that "and subsidiaries". 3. Amended in accordance with Article 31 of the Regulations, the trading of foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan is exempt from announcement.

Before amendment	After amendment	Reason of amendment
B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (7) "Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. (8) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.	A1. The amount of any individual transaction. B2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. C3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. D4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (7) "Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations <u>Procedure</u> need not be counted toward the transaction amount. <u>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</u> (8) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.	
2. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: (1) Change, termination, or rescission of a contract signed in regard to the original transaction. (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (3) Change to the originally publicly announced and reported information. 3. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. 4. When the Company acquires or disposes of assets and is required to make public announcement in accordance with the Procedures, the content of the announcement shall be compliant with relevant laws and regulations.	<u>Article 23</u> 2. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: (1). Change, termination, or rescission of a contract signed in regard to the original transaction. (2). The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (3). Change to the originally publicly announced and reported information. 3. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. 4. When the Company acquires or disposes of assets and is required to make public announcement in accordance with the Procedures, the content of the announcement shall be compliant with relevant laws and regulations.	

Before amendment	After amendment	Reason of amendment
Article 10: Penalty If any manager or person in charge of the acquisition or disposal of assets, due to his/her negligence, violates the Procedures and as a result causes serious damages to the Company, such manager or person shall report to his/her direct superior and the most senior decision making officer of the finance division immediately. Such manager or person's violation shall be handled in accordance with the relevant internal personnel and administration regulations of the Company. If it is found that such manager or person intentionally violated the Handling Procedures and as a result caused damages to the Company, the Company may, in addition to the punishment made in accordance with its relevant internal regulations, require such manager or person to compensate the Company's loss. The punishment and how to handle the above mentioned violation shall be reported to the next Board of Directors meeting.	<u>Section VII Additional Provisions</u> Article 1024Penalty If any manager or person in charge of the acquisition or disposal of assets, due to his/her negligence, violates the Procedures and as a result causes serious damages to the Company, such manager or person shall report to his/her direct superior and the most senior decision making officer of the finance division immediately. Such manager or person's violation shall be handled in accordance with the relevant internal personnel and administration regulations of the Company. If it is found that such manager or person intentionally violated the Handling Procedures and as a result caused damages to the Company, the Company may, in addition to the punishment made in accordance with its relevant internal regulations, require such manager or person to compensate the Company's loss. The punishment and how to handle the above mentioned violation shall be reported to the next Board of Directors meeting.	To add the Section VII and adjust orders of article.
Article 11: The Procedures for Supervising Acquisition or Disposal of Assets by Subsidiaries 1. For a subsidiary's acquisition or disposal of assets, the subsidiary shall formulate the "Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the FSC and taking into consideration of the Company's opinion, which procedures shall be reported to the subsidiary's shareholders' meeting after being approved by the subsidiary's board meeting. The same shall apply to amendments thereafter. 2. If the subsidiary is not a domestic public company, its acquisition or disposal of assets is required to be publicly announcement and reported in accordance with the provisions in Article 5 of these Procedures, the Company shall make a public announcement and regulatory filing on the subsidiary's behalf. 3. The Company shall supervise its subsidiaries to check whether the subsidiary's "Procedures for Acquisition or Disposal of Assets" are in compliance with the relevant law and regulations or not and whether the subsidiary acquires and disposes the assets in accordance with their own procedures for acquisition and disposal of assets 4. The Company's internal auditing personnel shall review and check the examination reports produced by each subsidiary.	Article 1125: The Procedures for Supervising Acquisition or Disposal of Assets by Subsidiaries 1For a subsidiary's acquisition or disposal of assets, the subsidiary shall formulate the "Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the FSC and taking into consideration of the Company's opinion, which procedures shall be reported to the subsidiary's shareholders' meeting after being approved by the subsidiary's board meeting. The same shall apply to amendments thereafter. 2If the subsidiary is not a domestic public company, its acquisition or disposal of assets is required to be publicly announcement and reported in accordance with the provisions in Article 522 of these Procedures, the Company shall make a public announcement and regulatory filing on the subsidiary's behalf. 3The Company shall supervise its subsidiaries to check whether the subsidiary's "Procedures for Acquisition or Disposal of Assets" are in compliance with the relevant law and regulations or not and whether the subsidiary acquires and disposes the assets in accordance with their own procedures for acquisition and disposal of assets 4The Company's internal auditing personnel shall review and check the examination reports produced by each subsidiary.	To adjust orders of article and paragraph.
Article 12: Others 1. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 5, paragraph 1. 2. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.	Article 1226: Others 1The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 522, paragraph 1. 2 For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.	To adjust orders of article and paragraph.

Before amendment	After amendment	Reason of amendment
In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted. 3. Any matters not provided for in these Procedures shall be governed by the applicable laws, regulations, and the Company's internal regulations.	In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted. 3Any matters not provided for in these Procedures shall be governed by the applicable laws, regulations, and the Company's internal regulations.	
Article 13: Coming into Effect and Amendment 1. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to provisions, or the procedures for the acquisition and disposal of assets are adopted or amended, they shall first be approved by audit committee, and approved by the board of directors, and then be submitted to the shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to shareholders' meeting for discussion. 2. Where the position of independent director has been created, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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. 3. If approval of one-half or more of all audit committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. 4. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.	Article 13<u>27</u>: Coming into Effect and Amendment 1When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to provisions, or the procedures for the acquisition and disposal of assets are adopted or amended, they shall first be approved by <u>one-half or more of all</u> audit committee <u>members</u>, and approved by the board of directors, and then be submitted to the shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to shareholders' meeting for discussion. 2Where the position of independent director has been created, w<u>W</u>hen the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, 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. 3If approval of one-half or more of all audit committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. 4The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.	1. To adjust orders of article and paragraph. 2. To adjust description in accordance with the laws and regulations for clarification.
Article 14: The Procedures were enacted on June 18, 2010. The 1st amendment was made on March 16, 2011. The 2nd amendment was made on June 5, 2012. The 3rd amendment was made on June 13, 2013. The 4th amendment was made on June 23, 2014. The 5th amendment was made on May 24, 2017. The 6th amendment was made on May 24, 2019.	Article 14<u>28</u>: The Procedures were enacted on June 18, 2010. The 1st amendment was made on March 16, 2011. The 2nd amendment was made on June 5, 2012. The 3rd amendment was made on June 13, 2013. The 4th amendment was made on June 23, 2014. The 5th amendment was made on May 24, 2017. The 6th amendment was made on May 24, 2019. <u>The 7th amendment was made on June 15, 2023.</u>	To adjust orders of article and add the date of amendment.

Before amendment	After amendment	Reason of amendment																																																												
	Attachment: Unit: NT\$, % <table><tr><th>Assets</th><th>Approver</th><th>Authority</th><th>Aggregate Investment Limit</th><th>Individual Investment Limit</th></tr><tr><td>Real property for business use</td><td>Board of Directors</td><td></td><td></td><td></td></tr><tr><td>Real property not for business use</td><td>Board of Directors</td><td></td><td>30% of the net worth</td><td>15% of the net worth</td></tr><tr><td>Equipment or right-of-use assets</td><td>Board of Directors</td><td>Over 100 million</td><td></td><td></td></tr><tr><td>Real property right-of-use assets</td><td>Board of Directors</td><td>Over 500 million</td><td></td><td></td></tr><tr><td>Long-term securities (Excl. long-term bonds)</td><td>Board of Directors</td><td></td><td>50% of the net worth</td><td>25% of the net worth</td></tr><tr><td>Long-term bonds</td><td>Chairman President</td><td>Over 50 million 50 million (incl.) and below</td><td>50% of the net worth</td><td>15% of the net worth</td></tr><tr><td colspan="5">※ Besides government bonds, if the invested long-term bonds are corporate bonds, the bonds must be secured.</td></tr><tr><td>Short-term securities</td><td>President Chief Financial Officer</td><td>Over 50 million 50 million (incl.) and below</td><td>40% of the net worth</td><td>15% of the net worth</td></tr><tr><td colspan="5">※ The Company may not engage in short-term share trading.</td></tr><tr><td>Membership</td><td>Board of Directors Chairman</td><td>Over 3 million 3 million (incl.) and below</td><td></td><td></td></tr><tr><td>Intangible assets and other important assets</td><td>Board of Directors Chairman President</td><td>Over 100 million 50 million~100 million (incl.) 50 million (incl.) and below</td><td></td><td></td></tr></table> Note: “Net worth” in this table means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	Assets	Approver	Authority	Aggregate Investment Limit	Individual Investment Limit	Real property for business use	Board of Directors				Real property not for business use	Board of Directors		30% of the net worth	15% of the net worth	Equipment or right-of-use assets	Board of Directors	Over 100 million			Real property right-of-use assets	Board of Directors	Over 500 million			Long-term securities (Excl. long-term bonds)	Board of Directors		50% of the net worth	25% of the net worth	Long-term bonds	Chairman President	Over 50 million 50 million (incl.) and below	50% of the net worth	15% of the net worth	※ Besides government bonds, if the invested long-term bonds are corporate bonds, the bonds must be secured.					Short-term securities	President Chief Financial Officer	Over 50 million 50 million (incl.) and below	40% of the net worth	15% of the net worth	※ The Company may not engage in short-term share trading.					Membership	Board of Directors Chairman	Over 3 million 3 million (incl.) and below			Intangible assets and other important assets	Board of Directors Chairman President	Over 100 million 50 million~100 million (incl.) 50 million (incl.) and below			
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Attachment 8

List of Non-competition Restrictions to be Lifted

Directors and their Representatives	Released restriction items
Eternal Materials Co. Ltd.	Director, Eternal Global (BVI) Co., Ltd. Director, Eternal Holdings Inc. Director, Mixville Holdings Inc. Director, Eternal Materials (Japan) Co., Ltd. Director, New E Materials Co., Ltd. Chairman, Eternal Electronic Material (Thailand) Co., Ltd. Director, Eternal Precision Mechanics Co., Ltd. Chairman, Elga Europe S.r.l.
Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	Chief Operating Officer, Eternal Materials Co. Ltd. Chairman, Eternal Specialty Materials (Zhuhai) Co., Ltd. Chairman, Eternal Specialty Materials (Suzhou) Co., Ltd. Director, ESCO Specialty Coating (Shanghai) Co., Ltd. Director, Eterkon Semiconductor Materials Co., Ltd.
Konly Venture Corporation	Director, Raydium Semiconductor Corporation Director, WishMobile, Inc. Director, AUO Education Service Corp. Director, PlayNitride Inc. Director, PlayNitride Inc. Director, Carota Corporation Supervisor, Star River Energy Corp. Supervisor, Star Shining Energy Corporation
Konly Venture Corporation Representative: Ting-Li Lin,	Senior Vice President, AUO Corporation Director, AFPD Pte. Ltd. Director, AUO Manufacturing (Shanghai) Corp. Director, AUO (Xiamen) Corp. Director, AUO (Suzhou) Corp., Ltd. Director, BriView (Xiamen) Co.
Xin-Wu Lin	Vice President, Director of Research Division III & Research Fellow, Taiwan Institute of Economic Research Independent Director, Taiwan Business Bank, Ltd. Independent Director, Fittech Co., Ltd. Chief Consultant of Antitrust Compliance, AUO Corporation
Wei-Shun Cheng	Director, SHIRRE LAB Corp. Independent Director, Raydium Semiconductor Corporation Independent Director, Chenbro Micom Co., Ltd. Independent Director, Unictron Technologies Corporation
Chih-Chun Tsai	Independent Director, Leadtrend Technology Corporation Director, Coretech Optical Company, Ltd. Chairman, Hua Jieh Investment Co., Ltd.

Chapter IV Appendix

Appendix 1

Rules and Procedures of Shareholders' Meetings

Approved by the Shareholders' Meeting on July 20, 2021

1. Shareholders' meeting of the Company (the "Meeting") shall be conducted in accordance with the Rules and Procedures.
2. The shareholders or their proxies attending the meeting shall be signed in and the signing in shall be in the form of sign-in cards. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronic means. Attendance and voting at the meeting shall be calculated based on the number of shares.
3. The venue for the meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m.
4. The meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or unable to exercise the powers of the chairman for any reason, the vice chairman shall act the chair. If there is no vice chairman or the vice chairman is unable to exercise the powers for any reason, the chairman shall appoint one of the directors to act as the chair. Where the chairman does not make such a designation, the directors shall select one person from among themselves to serve as the chair. If the meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting.
5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the meeting in a non-voting capacity.
6. The Company shall make uninterrupted audio or video recordings of the meeting and the recorded materials shall be retained for at least 1 year.
7. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 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.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the meeting pursuant to Article 174 of the Company Act.

8. If the meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the meeting.

The provisions of the preceding paragraph apply mutatis mutandis to the meeting convened by a party with the power to convene that is not the board of directors.

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

During the meeting, the chair may announce a break based on time consideration. After the meeting is adjourned, shareholders shall not elect another chair to continue the meeting at the same place or at any other place.

9. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt without consent of the chair and the shareholder in speaking, the chair shall stop any violation.
10. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
11. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a legal entity is a shareholder and designates two or more representatives to attend the Meeting, only one representative can speak on the same proposal.
12. After an attending shareholder has spoken, the chair may respond himself/herself or appoint an appropriate person to respond.
13. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
14. Vote monitoring and counting person(s) for the voting on a proposal shall be appointed by the chair, and the monitoring person(s) shall be shareholder(s). The results of voting shall be announced on site at the meeting, and a record made of the vote.
15. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the resolution shall be adopted by a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market

Observation Post System (MOPS).

16. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
17. The chair may direct the proctors or security guards to help maintain order at the meeting place. When proctors or security guards help maintain order at the meeting place, they shall wear an armband or identification card bearing the word "Proctor".
18. If a force majeure event occurs during the meeting, the chair may announce a suspension of the meeting or convene a meeting on another day.
19. Any matters not provided in the Rules and Procedures shall be handled in accordance with the Company Act, the Articles of Incorporation of the Company, and relevant laws and regulations.
20. The Rules and Procedures, and any amendments hereto, shall be effective after approval by the shareholders' meeting.

Appendix 2

Articles of Incorporation

Approved by the Shareholders' Meeting on June 15, 2022.

Chapter 1: General Provisions

Article 1

The Company is incorporated, registered and organized as a company limited by shares in accordance with the Company Act of the Republic of China, and its name is 達興材料股份有限公司 in the Chinese language, and Daxin Materials Corporation in the English language.

Article 2

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

To research, design, develop, manufacture, and sale the following products:

1. Various photoresists, PI alignment layer, liquid crystal, and other related chemicals used in the manufacturing process of displays
2. Overcoat, optical clear resin and other related chemicals for touch panels
3. Ingot slicing solutions, anti-reflection materials, and other related chemicals for energy industry
4. Dielectrics, adhesives and other related chemicals for the semiconductor industry
5. Encapsulants and other related chemicals for the lighting industry
6. Specialty chemicals for other electronic products
7. Analysis and identification of chemical composition
8. Inspection and measurement of product characteristics

The business items and codes of the above products:

- (1) C801010 Basic Chemical Industrial
- (2) C801020 Petrochemical Materials Manufacturing
- (3) C801030 Precision Chemical Material Manufacturing
- (4) C801060 Synthetic Rubber Manufacturing
- (5) C801100 Synthetic Resin and Plastic Manufacturing
- (6) C801990 Other Chemical Materials Manufacturing
- (7) C802120 Industrial and Additive Manufacturing
- (8) C802200 Coating, Paint, Dye and Pigment Manufacturing
- (9) C805990 Other Plastic Products Manufacturing
- (10) CC01080 Electronics Components Manufacturing
- (11) F107200 Wholesale of Chemical Feedstock (for operation outside the science park only)
- (12) F119010 Wholesale of Electronic Materials (for operation outside the science park only)
- (13) F401010 International Trade (for products related to the above only)
- (14) I199990 Other Consulting Service
- (15) IG02010 Research and Development Service
- (16) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. (for operation outside the science park only)

The operation of the aforementioned businesses shall comply with the laws and regulations.

Article 3

The head office of the Company shall be in the Central Taiwan Science Park. The Company shall be free, upon approval of the Board of Directors and government authorities in charge, to set up branch offices, factories, branch operating offices or branch business offices at various locations within and without the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

The total amount of the Company's investments is not subject the restriction of Article 13 of the Company Act. The Company may provide endorsements or guarantees to other parties for the purposes of business or investment.

Chapter 2: Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of 150,000,000 New Taiwan Dollars, divided into 150,000,000 registered shares, at 10 New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued shares in installments.

Among which 100,000,000 New Taiwan Dollars of the total capital stock, divided into 10,000,000 shares, at 10 New Taiwan Dollars each, should be reserved for issuing employee stock options and may be issued installment in accordance with the resolution of the Board of Directors.

Article 6

The share certificates of the Company shall be in registered form, which shall be signed by or sealed by at least three directors, and issued after duly authentication pursuant to the law.

The Company may pursuant to the laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical shares or other securities.

Article 7

Unless otherwise provided by law and regulations, the Company's shareholder services shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."

Chapter 3: Shareholders' Meeting

Article 8

Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened once a year by the Board of Directors, within six months after the end of each fiscal year. Special meetings shall be convened in accordance with the law and regulations whenever necessary.

The aforementioned meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 9

Unless otherwise provided in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding shares of the Company. Resolutions of a shareholders meeting shall be adopted at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting. When a shareholder is unable to attend a meeting, he or she may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. Exception for trust enterprise or stock agencies approved by the competent authority, when one person who act as a proxy for two or more shareholders, the number of voting rights represented by that proxy that exceeds 3% of the total number of issued shares shall not be counted. The matters related to use or rescission of the proxy shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 9-1

If the Company proposes to cancel the public offering, the proposal shall be approved by the shareholders' meeting, and applied for the cancellation to the competent authority. This article shall not be altered during the Company is listed (whether TWSE-listed, OTC-listed, or registered on emerging-stock market).

Chapter 4: Board of Directors and Audit Committee

Article10

The Company shall have seven to eleven directors, their term of office shall be three years. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings, and shall be eligible for re-elected. The number of directors is determined by the Board of Directors.

The aforementioned directors of the board shall include at least three independent directors. The professional qualification, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with the relevant regulations of the competent authority.

The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of office.

The Board of Directors is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

Article10-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors.

Article10-2

The meeting of the Board of Directors shall be held at least quarterly, and the reasons for calling the Board of Directors meeting shall be notified to each director at least seven days in advance. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of board meetings shall be effected by means of fax, e-mail, or other methods.

Article11

The board of directors shall have one chairman, and the chairman shall be elected by and among the directors by a majority vote at a meeting attended by more than two-thirds of the directors. The chairman of the Board shall preside internally at the meetings of the Board and shall externally represent the Company. In case the chairman of the Board cannot exercise the power and authority, the chairman of the Board may designate one of the directors to act as the chairman. In the absence of such a designation, the directors shall elect a designee from among themselves.

Article12

When a director is unable to attend a meeting of the board for any reason, he/she may appoint another director to attend on his/her behalf by proxy in accordance with Article 205 of the Company Act. Each director may act as proxy for one other director only.

Chapter 5: Managerial Personnel

Article13

The Company shall have one or more managerial personnel. The appointment, discharge, and remuneration of managerial personnel shall be decided in accordance with the Company Act.

Chapter: 6 Accounting

Article14

At the end of each fiscal year, the Board of Directors shall prepare the following documents and submit them to the shareholders' meeting for acceptance.

- I. Business report.
- II. Financial statements.
- III. Proposal for distribution of earnings or recovery of loss.

Article15

If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows:

- I. No less than 3% as employees' remuneration.
- II. No more than 1% as directors' remuneration.

The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

Article15-1

If the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved. Dividend distribution may be distributed in whole or in part, in the form of shares shall be approved by the shareholders' meeting, and in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting.

The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividend, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

Article15-2

Where the Company incurs no accumulated losses, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings by the resolution adopted by the Board of Directors and reported to the shareholders' meeting.

Article15-3

The employees who are entitled to the following compensation can include employees of subsidiaries of the Company meeting certain specific qualifications. The Board or the person duly designated by the Board is authorized to decide such qualifications and allocation.

- I. Employees' remuneration
- II. The buy back shares to be transferred to employees
- III. Employee stock options
- IV. The reserved shares for subscription by employees when issuing new shares
- V. Restricted stock for employees

Chapter 7: Miscellaneous

Article 16

Any matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

Article 17

The Articles of Incorporation was enacted on June 30, 2006.

The 1st amendment was made on June 26, 2007.

The 2nd amendment was made on June 23, 2009.

The 3rd amendment was made on June 18, 2010.

The 4th amendment was made on July 22, 2011.

The 5th amendment was made on June 23, 2014.

The 6th amendment was made on May 27, 2016.

The 7th amendment was made on May 24, 2017.

The 8th amendment was made on June 15, 2022.

Appendix 3

Rules for the Election of Directors (the “Rules”)

Approved by the Shareholders’ Meeting on May 27, 2016

Article 1

The Company enacts the rules in accordance with the provisions of Article 21 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”. Unless otherwise provided in applicable laws and regulations or the Articles of Incorporation of the Company, the Rules specified herein shall govern the election of the Company’s directors.

Article 2

The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and based on the company's business operations, operating dynamics, and development needs. Each board member shall have the necessary knowledge, skill, and experience to perform their duties.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The qualifications and election of independent directors of the Company shall comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and shall be conducted in accordance with Article 24 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.

Article 3

The Company’s directors should be elected through cumulative voting.

Article 4

In election of the Company’s directors, each share is entitled to the voting rights equivalent to the number of directors to be elected. The voting rights may be concentrated to one candidate or be allocated among several candidates.

Article 5

Candidates who acquire more votes shall win the seats of directors, and such number shall be in compliance with the number of positions for director set forth in the Articles of Incorporation. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a by-election to fill the vacancy at the next Shareholders’ Meeting. When the number of directors falls short by one third of the total number prescribed in the articles of incorporation, the company shall call a special Shareholders’ Meeting in accordance with relevant laws to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the articles of incorporation or relevant laws, a by-election shall be held at the next Shareholders’ Meeting to fill the vacancy. When all independent directors have been dismissed, a special Shareholders’ Meeting shall be called in accordance with relevant laws to hold a by-election to fill the vacancies.

Article 6

A candidate shall only run for either the election of directors or the election of independent directors.

The independent and non-independent directors shall be elected at the same time, but the number of independent directors and non-independent directors elected shall be calculated separately.

Article 7

The Board of Directors shall, upon preparing the ballots, enter the voting rights on each ballot. The ballot box shall be prepared by the Board of Directors and shall be checked in public by the inspector before voting.

Article 8

At the beginning of the election, the chairman shall appoint the inspector and counter to take charge of monitoring and counting of the votes.

Article 9

The Company adopts the Nomination System for the nomination of candidates to serve as directors. The Board or the shareholders holding 1% or more of the Company's total issued and outstanding shares are entitled to submit a slate of candidates for consideration as directors in pursuant to the Company Act and other applicable rules. The Company shall announce publicly the nomination submission period, the number of director to be elected, the place for eligible shareholders to submit their nomination, and other necessary matters prior to the commencement of the book closed period prior to the Shareholders' meeting.

Article 10

If the candidate is a shareholder of the Company, voters shall fill the candidate's name and shareholder's number in the "candidate" column of the ballot; if the candidate is not a shareholder of the Company, voters shall fill the candidate's name and ID number in the "candidate" column. If the candidate is a government agency or a legal entity, voters shall fill the name of the government agency or the legal entity or the name of their representative in the column. In the event that several candidates represent a government agency or a legal entity, the names of the representatives shall be filled separately in the column.

Article 11

A ballot shall be deemed void if such a ballot:

1. is not a ballot provided under the Rules;
2. is placed into the ballot box blank;
3. contains illegible words or corrections;
4. contains a name or shareholder's number in the "candidate" column which is inconsistent with the shareholder's register if the candidate is a shareholder of the Company; Contains a name or ID number in the "candidate" column which is incorrect if the candidate is not a shareholder of the Company;
5. contains any words or marks other than those specified in Article 10;
6. is not filled out in accordance with Article 10 or is filled incompletely; or
7. contains two or more candidates.

Article 12

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

Article 13

The Rules and any amendments hereto shall be effective after approval by the shareholders' meeting.

Article 14

The Rules were enacted on June 18, 2010.

The 1st amendment was made on May 27, 2016.

Appendix 4

Shareholding of All Directors

Record Date: April 17, 2023

Title	Name	Current shareholding
Chairman	Cheng-Yih Lin	2,298,832
Director	Tsung-Hsing Kuo	231,911
Director	Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	23,423,812
Director	Eternal Materials Co. Ltd. Representative : Chi-Kang Chang	
Director	Konly Venture Corporation Representative : Wei-Lung Liao	19,113,730
Director	Konly Venture Corporation Representative : Shih-Hung Liao	
Independent Director	Chia-Ching Tong	0
Independent Director	Wei-Shun Cheng	0
Independent Director	Xin-Wu Lin	0
Total shareholdings of all Directors		45,068,285

Note

1 : Total shares issued as of April 17, 2023 : 102,715,911 common shares.

2 : The minimum shareholding requirements of according to Article 26 of the Securities and Exchange Act : 8,000,000 common shares.

DAXin