

Stock code: 2392



Cheng Uei Precision Industry Co., Ltd.

2022 Annual General Shareholders'
Meeting
Meeting Agenda

June 21, 2022

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Cheng Uei Precision Industry Co., Ltd. Meeting Procedures for the 2022 General Meeting of Shareholders

Method of Convening: Physical Meeting of Shareholders

Meeting time: June 21, 2022 (Tuesday) at 9:00 AM

**Meeting venue: No. 49, Sec. 4, Zhongyang Rd., Tu Cheng
Dist., New Taipei City (2F Conference
Room)**

- I. Report Attendance Rate**
- II. Call the Meeting to Order**
- III. Chairperson Remarks**
- IV. Matters to be Reported**
- V. Acknowledgments and Matters
for Discussion**
- VI. Extraordinary Motions**
- VII. Adjournment**

Cheng Uei Precision Industry Co., Ltd.

Agenda of the 2022 General Meeting of Shareholders

One. Chairman's Remarks

Two. Matters to be Reported

- I. 2021 business report of the Company.
- II. Audit Committee's review report on the 2021 financial statements.
- III. Report on the distribution of 2021 earnings and cash dividends of the Company.
- IV. Report on the 2021 distribution of remuneration for directors and employees of the Company.

Three. Acknowledgments and Matters for Discussion

- I. The 2021 business final account statement and profit distribution statement of the Company.
- II. Amendments to the Company's Articles of Incorporation
- III. Amendments to the Company's Procedures for Acquiring or Disposing of Assets.
- IV. Amendments to the Company's Implementation Measures for Endorsements and Guarantees.

Four. Extraordinary Motions

Five. Adjournment

Matters to be Reported

Proposal 1

Proposal: The 2021 Business Report of the Company, submitted for approval.

Explanation: For the Business Report, please refer to Attachment 1. (p. 7-12)

Proposal 2

Proposal: Audit Committee's review report on the 2021 financial statements, submitted for approval.

Explanation: For the Audit Committee's Audit Report, please refer to Attachment 2. (p. 13)

Proposal 3

Proposal: Report on the distribution of 2021 earnings and cash dividends of the Company, submitted for approval.

Explanation: 1. In accordance with the Company Act and the Articles of Incorporation of the Company, the Company's Board of Directors resolved to distribute a cash dividend of NTD 1.5 per share for the earnings of 2021 (calculated to the nearest NT Dollar, with the difference paid by the Company as expenses).
2. In this proposal, the chairperson is authorized to set the ex-dividend record date, distribution date, and other related matters. In the future, if the Company's number of common shares in circulation changes and this leads to a change in the dividend rate, then the chairperson is also authorized to make adjustments in full.

Proposal 4

Proposal: Report on the 2021 distribution of remuneration for directors and employees of the Company, submitted for approval.

Explanation: In 2021, the Company distributed directors' remuneration of NTD 6,000,000 and employee remuneration of NTD 130,000,000 in accordance with the Company Act and the Company's Articles of Incorporation. Directors' remuneration and employee remuneration are to be paid in cash, and there is no difference between the numbers given by resolution above and the expenses recognized at the end of 2021.

Acknowledgments and Matters for Discussion

Proposal 1 Proposed by the Board of Directors

Proposal: The 2021 business final account statement and profit distribution statement of the Company, submitted for approval.

Explanation: 1. The Company's 2021 financial statements have been reviewed by PWC Taiwan. Together with the business report, it has also been reviewed by the Audit Committee and a written audit report was issued.
2. The 2021 profit distribution table was approved by the Board of Directors and sent to the Audit Committee for review.
3. Please refer to Attachments 1 through 4 for associated schedules (p. 7-41).

Resolution:

Proposal 2 Proposed by the Board of Directors

Proposal: Amendments to the Company's Articles of Incorporation, submitted for approval.

Explanation: In accordance with the amended Company Act, the shareholders' meeting may be held by video conference. Therefore, it is proposed to amend some provisions of the Articles of Incorporation of the Company. Please refer to Attachment 5 for the comparison table of the amended Articles of Incorporation. (p. 42-43)

Resolution:

Proposal 3 Proposed by the Board of Directors

Proposal: Amendments to the Company's Procedures for Acquiring or Disposing of Assets, submitted for approval.

Explanation: In accordance with the stipulations of the Financial Supervisory Commission letter Jinguang Zhengfazi No. 1110380465 dated January 28, 2022, it is proposed to amend the Company's "Procedures for Acquiring or Disposing of Assets." Please refer to Attachment 6 for the comparison table of the revised provisions. (p. 44-63)

Resolution:

Proposal 4 Proposed by the Board of Directors

Proposal: Amendments to the Company's Implementation Measures for Endorsements and Guarantees, submitted for approval.

Explanation: 1. To address the business development needs of the

Company, it is proposed to increase the limit of the overall external endorsement and guarantee amounts of the Company and its subsidiaries. Amendment has therefore been made to the Company's Implementation Measures for Endorsements and Guarantees. Please refer to Attachment 7 for the comparison table of the revised provisions. (p. 64)

2. Article 4, Paragraph 1 of the amended Operational Procedures for Endorsements/Guarantees stipulates that "the overall external endorsement and guarantee amounts of the Company and its subsidiaries shall not exceed 300% of current net value. The amount of endorsements and guarantees for a single enterprise shall not exceed 150% of the current net value, and for subsidiaries holding 90% or more of equity, it shall not exceed 150% of the Company's net value." The necessity and rationality of this provision lie in the facts that the Company's reinvestment business continues to expand its operating scale, funding requirements are increasing, and the greatest portion of working capital insufficiency arises from borrowings from financial institutions. In order to obtain optimal lending conditions, banks will require the parent company to provide endorsements and guarantees for loans. Therefore, the Company has set a higher limit on the total amount of endorsements and guarantees to prepare for expanded operations of the reinvestment business. In fact, this represents a strategy to pursue maximum investment efficiency. The Company will also strictly control overall financial risks with a steady and pragmatic management policy so as to maximize the interests of shareholders.

Resolution:

Extraordinary Motions

Adjournment

Cheng Uei Precision Industry Co., Ltd. Business Report

Here, a report on the business status of the Company in 2021 is given as follows:

The Company's consolidated net operating revenues for 2021 came to NTD 86,800,735 thousand; compared with consolidated net operating revenue of NTD 89,552,100 thousand in 2020, this marked a decrease of 3%. Net profit after tax in 2021 was NTD 921,042 thousand and after-tax earnings per share came to NTD 1.90. This represented a reduction of 53% from the net profit after tax of NTD 1,967,432 thousand or NTD 4.06 per share seen in 2020. Last year, the Company's revenues and profits decreased compared with the previous year due to the impact of the pandemic along with rising raw material prices and shortages. This shows that the external environment is treacherous and volatile, and responding with extreme caution is warranted at all times.

Since the outbreak of COVID-19, global economies have faced major challenges and instability has arisen in supply chains. Supply chain instability has caused raw material prices and transportation costs to keep soaring while at the same time deepening inflationary pressures. Meanwhile, with the Russian-Ukrainian war breaking out this year, we can see that there is now increasing risk of geopolitical tensions and military conflict. A prolonged and expanded war could block the supply of important raw materials, and this in turn would affect production and consumption activities across the global economy. We therefore could see an amplification of global chip shortages and worsening supply chain bottlenecks, thereby impacting global economic activity even further. Therefore, the global economy will encounter multiple challenges in the process of recovery in 2022, and economic growth among the world's major economies is likely to face even greater pressure and constraints.

The world has been affected by the pandemic, climate change, and geopolitics in recent years, and this has encouraged companies to accelerate their focus on intelligent digital transformation and to achieve their environmental, social, and corporate governance (ESG) goals. In the face of the ESG trend, companies should evaluate the potential risks of future sustainable markets while establishing the core essence of business operations in advance so as to strengthen their competitiveness and confront this era of digital transformation. In order to achieve our ESG goals, Cheng Uei Co. last year established a Corporate Governance and Sustainable Management Committee. In doing so, we aim to strengthen our management functions and commit ourselves to the implementation of corporate social responsibility and sustainable management. In addition, given the current international consensus over issues such as energy conservation and carbon reduction, we recognize that green energy has now emerged as an industry that must be developed across nations and its industry prospects are promising. Therefore, and aside from investing in Shinfox Energy Co. in Taiwan to engage in professional and comprehensive green energy services, the Company will expand our green energy-related business to the US market this year and establish a production base in Phoenix, Arizona, to produce green energy-related products. Subsequently, the Company also plans to set up charging stations and energy storage facilities for electric vehicles and campus electric buses in California to expand our investment in the green energy industry and strengthen our future growth momentum.

In order for the Company to grow and thrive on a continuous and stable basis, and create greater profits for shareholders, we must be prepared to face challenges and

solve problems. We have absolute confidence to move toward the set goals, create best business performance for the Company, and go after maximum profits for shareholders. I also hope that all shareholders can continue to provide support and encouragement to the company. Finally, I wish all shareholders all the best and that all your hopes be fulfilled.

1. 2021 business results

(I) Business plan implementation results

Unit: NTD Thousand

| Item | 2021 | 2020 | Growth rate |
|-----------------------------------|------------|------------|-------------|
| Operating revenue | 58,674,859 | 69,135,238 | -15.13% |
| Operating costs | 56,728,576 | 65,741,027 | -13.71% |
| Operating profit | 1,946,283 | 3,394,211 | -42.66% |
| Operating Expenses | 1,640,362 | 1,545,972 | 6.11% |
| Operating profit | 305,921 | 1,848,239 | -83.45% |
| Non-operating income and expenses | 812,538 | 512,593 | 58.52% |
| Net profit before tax | 1,118,459 | 2,360,832 | -52.62% |
| Net profit for the period | 921,042 | 1,967,432 | -53.19% |

Note: The above figures are from the parent company only financial statements

(II) Budget implementation

The Company did not prepare 2021 financial forecasts, so this is not applicable.

(III) Financial income and expenditure status

Unit: NTD Thousand

| Item | 2021 | 2020 | Amount of change |
|---|-------------|-------------|------------------|
| Net cash inflow (outflow) from operating activities | (2,050,191) | 2,963,744 | (5,013,935) |
| Net cash inflow (outflow) from investing activities | 2,394,619 | (4,635,366) | 7,029,985 |
| Net cash inflow (outflow) from financing activities | (581,186) | 1,891,234 | (2,472,420) |

Note: The above figures are from the parent company only financial statements

(IV) Profitability analysis

| Year | | 2021 | 2020 |
|--|-----------------------|-------|-------|
| Return on assets (%) | | 1.83 | 3.67 |
| Return on shareholders' equity (%) | | 3.92 | 8.52 |
| Contribution to paid-in capital | Operating profit | 5.97 | 36.08 |
| Percentage (%) | Net profit before tax | 21.83 | 46.08 |
| Net profit margin (%) | | 1.57 | 2.85 |
| Earnings per share for the period (NTD) (Note) | | 1.90 | 4.06 |

Note: The above ratios are based on parent company only financial statements. Earnings per share is calculated based on the number of shares after retrospective adjustment.

(V) Research and development status of the Company

The main research and development directions and strategies of the Company

are:

1. Closely integrate technology into products to generate differentiated competitive advantages.
2. Integrate the technical fields of materials, machinery, electronics, optics, electroacoustics, etc.; e.g., through: optical inspection automation, engineering analysis capabilities, secondary processing electroplating technology, antenna design, and wire nano coating development.
3. Build professional laboratories for high frequency technology, electroacoustic technology, surface technology, and so on.
4. Lead and continue to develop various halogen-free, lead-free materials and application products that meet future environmental protection requirements.
5. Participate in the development process of customers' new products to provide them with various solutions and technical support.
6. Strengthen the ability to integrate existing technologies and evaluate and introduce new product development technologies.
7. Integrate the technology platform of electro-optic sound to expand products and market share.

II. Business plan summary for 2022

(I) Business strategy

1. Business purpose:

With core capabilities in molds, forms, stamping, secondary processing, and automation, integrate materials, machinery, electronics, optics, electroacoustics, energy, assembly, and R&D technology. Establish a global marketing and supply chain management network to provide customers with high-quality products in a timely manner, oriented by consumer electronics, information, communications, and automotive market demand; and create value for customers by combining digital content, environmental protection, and energy saving. Constantly seek to surpass ourselves based on concepts of sincerity, a holistic view, and conscientiousness, using our team spirit to create an optimal business performance for the enterprise.

2. Business philosophy:

(1) Sincerity: Simplicity and pragmatism, and being as good as one's word

Keeping promises is an important value to establish long-term cooperative relations with customers and suppliers, so as to take creation of long-term benefits for all three parties as a direction for our thinking.

(2) Holistic view: Great things can only be achieved with tolerance, and small beginnings yield major trends

By applying technological innovation, accumulating practical experience, and constantly pursuing self-transcendence and accumulated achievements, only then can the Company become a representative of the high-tech industry.

(3) Conscientiousness: Making an all-out effort, with a unity of knowledge and action

From the capital, technology, and human resources used to coordinate our plans and from execution to assessment, there is a complete and consistent operational system that demonstrates its performance in a wide range of work functions; and the results of these joint efforts have created the Company's core competitiveness.

(II) Expected sales volume and its basis

The Company's products are mainly components of communications and consumer electronics. With the active expansion of customers and the development of new products this year, it is expected that the sales volume of each product will reach a trend of steady growth.

(III) Important production and sales policies

Continuously improve internal management capabilities to reduce various production costs and provide customers with the best service and technical resources, establishing a good cooperative relationship with customers to achieve a win-win goal.

III. Future development strategy for the Company

1. The Company will position itself under the OEM, ODM, and JDM models as it commits to consumer electronics, computers, communications, automotive electronics, digital content, and other product markets.
2. We will utilize the Company's core capabilities: Development will center around molds, forms, stamping, secondary processing, and automation, and thereupon integrate technical fields encompassing materials, machinery, electronics, optics, electroacoustics, energy saving, and environmental protection. In this way, we can develop differentiated competitive advantages over our competitors.
3. We will use our customer orientation, closeness to market leaders, and joint development of new products to create value for the Company.
4. We will deeply cultivate existing customers, expand different product lines for current customers, and provide customers with diversified products and services.
5. From materials, parts, components to system products, we will leverage and strengthen the company's vertically-integrated manufacturing advantages to reduce manufacturing costs and enhance competitiveness.
6. We will establish development and mass production manufacturing capabilities for key components in order to obtain an irreplaceable competitive advantage.
7. We will develop the retail channel market, be close to consumers and grasp market demand and trends, and then combine the advantages of production and sales to develop a new niche for the Company. This will also establish an irreplaceable competitive advantage.

IV. Effects of the external competitive environment, regulatory environment, and overall business environment

Due to the instantaneous changes in the external environment and industry, the competition faced by the Company is no longer limited to Taiwan, but in all parts of the world. The targets of the Company's services are world-class customers, so it must be able to meet the global competitive environment and survival requirements. "Cost reduction" and "value creation" will be the most important issues for the Company's sustainability. The Company needs to be able to reduce costs in order to gain a competitive advantage, attracting new customers and expanding into new markets. At the same time, we must be able to create product value, service value and differentiated value from this in order to retain customers and meet their various needs.

At the same time, in the retail channel market, it is necessary to be able to grasp the acceptance and preference of consumers for all kinds of new 3C products at any time. We must understand the consumption habits and tendencies of target consumers in various regions, so as to propose different sales strategies to respond. In addition, we should offer different services and product content from competitors to strengthen our competitive advantage.

Responsible person: T.C. Gou

Manager: T.C. Gou

Accountant in charge: Chen-Phan Pu

Audit Committee's Audit Report

The Company's Board of Directors has made a 2020 annual business report, financial statements, and profit distribution proposal. Among them, PWC Taiwan has audited the financial statements and issued an audit report. The above-mentioned business report, financial statements, and profit distribution proposal have been checked by the Audit Committee, and it believes there is no discrepancy. The reports are submitted for review in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Cheng Uei Precision Industry Co., Ltd.

Convener of the Audit Committee: Randy Lee

March 24, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000543

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, based on our audits and the report(s) of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the 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. Based on our audits and the report(s) of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter-significant unresolved litigation involving investments accounted for using equity method

As described in Note 9(1) to the consolidated financial statements, Fugang Electric (Maanshan) Co., Ltd., a subsidiary of the Group, has a lawsuit with Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. On November 19, 2021, Ma'anshan Intermediate People's Court in Anhui Province rendered a first-instance decision, affirming that Fugang Electric (Maanshan) Co., Ltd. shall pay principal amounting to RMB 274,450 thousand and interest amounting to RMB 139,488.9 thousand, based on the amount agreed in the court's judgement and interest calculated until

the date when the principal is fully repaid, to Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. within 30 days from the effective date of this judgement. On December 7, 2021, Fugang Electric (Maanshan) Co., Ltd. filed a second instance appeal with the Higher People's Court of Anhui Province to request to modify or remand the decision in accordance with the laws. On March 17, 2022, Fugang Electric (Maanshan) Co., Ltd. filed an administrative litigation with the Ma'anshan Intermediate People's Court in Anhui Province against the People's Government of Ma'anshan Municipality, the Administrative Committee of Ma'anshan Economic and Technological Development Zone and Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. pursuant to Article 12 of the "Administrative Procedure Law of the People's Republic of China". As of the financial reporting date, the possible result of this litigation cannot be determined, therefore our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Valuation of Goodwill impairment

Description

Please refer to Note 4(19) for accounting policies on impairment loss on non-financial assets, Note 5(1) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(13) for details of goodwill impairment valuation.

The amount of goodwill (including indefinite useful life trademarks) was derived from the acquisition of Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and DG Lifestyle Store Limited by the Company's subsidiary, FIT Holding Co., Ltd. The Group valued the impairment of goodwill (including indefinite useful life trademarks) through the discounted cash flow method, using the higher of value in use or fair value less costs to sell to measure the cash generating unit's recoverable amount. As the assumptions of expected future cash flows contained subjective judgement and involved a high degree of uncertainty which would cause a material impact on the valuation result, the valuation

of goodwill impairment (including indefinite useful life trademarks) was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed the reasonableness of valuation of goodwill impairment policies and procedures, including collection of internal and external data, operating forecast and industry changes.
- B. Obtained the external appraisal report on impairment valuation and performed the following procedures:
 - (a) We examined the external appraiser's qualification and assessed the independence, objectiveness and competence.
 - (b) We assessed that the valuation method used in the appraisal report was widely used and appropriate.
 - (c) We assessed the reasonableness of significant assumptions (including expected growth rate and discount rate) applied in the appraisal report.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(7) for details of inventory.

The Group is primarily engaged in the manufacturing and sale of electronic components and parts. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or obsolescence due to economic depression or an excess of supply over demand. The Company's inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories.

The industry technology is rapidly changing, and the net realisable value involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Given that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses based on our understanding of the Group's operation and industry.
- B. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the effectiveness of the management of inventory.
- C. Verified whether the systematic logic used in the Group's inventory aging report is appropriate and in line with its policies.
- D. Inspected inventory valuation basis adequacy and verified the selected samples' information, for instance, purchase price and sale price. Also recalculated and evaluated the reasonableness of inventory allowance basis in order to verify that the inventory was measured at the lower of cost and net realisable value.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and the information disclosed in Note 13, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$341,479 thousand and NT\$430,857 thousand, constituting 0.41% and 0.52% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and operating revenue amounted to NT\$2,093,888 thousand and NT\$1,919,272 thousand, constituting 2.41% and 2.14% of the consolidated total operating revenue for the years then ended, respectively. Total the balances of these investments accounted for under the equity method amounted to NT\$212,883 thousand, constituting 0.26% of the consolidated total assets as at December 31, 2021, and share of loss of associates and joint ventures accounted for under the equity method amounted to NT\$(2,358) thousand, constituting (0.41%) of the consolidated total comprehensive income for the year then ended.

Other matter-Parent company only financial reports

We have audited and expressed an unqualified opinion with an *Other matters* section on the parent company only financial statements of Cheng Uei Precision Industry Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- A. 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.

- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

are therefore the key audit matters. We describe these matters in our 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.

Lin, Se-Kai

Liang, Yi-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| ASSETS | | Notes | December 31, 2021 | | December 31, 2020 | |
|----------------|---|----------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| CURRENT ASSETS | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 8,707,603 | 10 | \$ 10,993,540 | 13 |
| 1136 | Current financial assets at amortised cost | 6(4) and 8 | 2,258,305 | 3 | 6,407,553 | 8 |
| 1140 | Current contract assets | 6(24) | 3,216,453 | 4 | 104,591 | |
| 1150 | Notes receivable, net | | 46,874 | - | 35,124 | - |
| 1170 | Accounts receivable, net | 6(5) | 16,369,882 | 20 | 16,310,230 | 20 |
| 1180 | Accounts receivable, net - related parties | 7 | 312,905 | - | 603,705 | 1 |
| 1200 | Other receivables | 6(6) | 312,561 | - | 203,599 | - |
| 1210 | Other receivables - related parties | 7 | 61,213 | - | 55,868 | - |
| 1220 | Current income tax assets | 6(31) | 5,052 | - | 5,024 | - |
| 130X | Inventories | 6(7) | 15,479,260 | 19 | 13,276,324 | 16 |
| 1410 | Prepayments | | 3,412,965 | 4 | 1,167,099 | 2 |
| 1460 | Non-current assets or disposal groups classified as held for sale, net | 6(13) | 15,599 | - | - | - |
| 1470 | Other current assets | 8 | 89,457 | - | 127,649 | - |
| 11XX | TOTAL CURRENT ASSETS | | 50,288,129 | 60 | 49,290,306 | 60 |
| 1517 | Financial assets at fair value through other comprehensive income-non-current | 6(3) and 12(3) | 1,116,311 | 1 | 986,704 | 1 |
| 1535 | Non-current financial assets at amortised cost | 6(4) and 8 | 145,116 | - | 146,394 | - |
| 1550 | Investments accounted for under the equity method | 6(9) | 4,650,081 | 6 | 4,975,620 | 6 |
| 1600 | Property, plant and equipment, net | 6(10) | 21,024,968 | 25 | 20,850,423 | 25 |
| 1755 | Right-of-use assets | 6(11) and 7 | 1,577,374 | 2 | 1,638,691 | 2 |
| 1760 | Investment property, net | 6(12) | 568,783 | 1 | 584,072 | 1 |
| 1780 | Intangible assets | 6(13) | 1,467,557 | 2 | 1,653,998 | 2 |
| 1840 | Deferred income tax assets | 6(32) | 569,172 | 1 | 537,988 | 1 |
| 1915 | Prepayments for business facilities | | 1,160,854 | 1 | 1,153,711 | 1 |
| 1990 | Other non-current assets, others | 8 | 557,926 | 1 | 444,195 | 1 |
| 15XX | TOTAL NON-CURRENT ASSETS | | 32,838,142 | 40 | 32,971,796 | 40 |
| 1XXX | TOTAL ASSETS | | \$ 83,126,271 | 100 | \$ 82,262,102 | 100 |

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| LIABILITIES AND EQUITY | | Notes | December 31, 2021 | | December 31, 2020 | |
|---|--|-------------|-------------------|-------|-------------------|-------|
| | | | AMOUNT | % | AMOUNT | % |
| CURRENT LIABILITIES | | | | | | |
| 2100 | Short-term borrowings | 6(15) | \$ 4,224,848 | 5 | \$ 4,341,582 | 5 |
| 2110 | Short-term notes and bills payable | 6(16) | 1,596,522 | 2 | 387,222 | 1 |
| 2130 | Current contract liabilities | 6(25) | 603,767 | 1 | 896,775 | 1 |
| 2150 | Notes payable | | 150 | - | 155 | - |
| 2170 | Accounts payable | | 16,895,026 | 20 | 17,521,270 | 21 |
| 2180 | Accounts payable - related parties | 7 | 172,107 | - | 160,726 | - |
| 2200 | Other payables | 6(17) and 7 | 4,617,534 | 6 | 4,778,465 | 6 |
| 2230 | Current income tax liabilities | 6(32) | 555,374 | 1 | 660,933 | 1 |
| 2260 | Liabilities related to non-current assets or disposal groups classified as held for sale | | - | - | - | - |
| 2280 | Current lease liabilities | 7 | 158,525 | - | 199,445 | - |
| 2320 | Long-term liabilities, current portion | | 302,694 | - | 502,471 | 1 |
| 2365 | Current refund liabilities | | 226,274 | - | 234,170 | - |
| 2399 | Other current liabilities, others | 6(19) | 601,242 | 1 | 579,551 | 1 |
| 21XX | TOTAL CURRENT LIABILITIES | | 29,954,063 | 36 | 30,262,765 | 37 |
| NON-CURRENT LIABILITIES | | | | | | |
| 2530 | Corporate bonds payable | 6(18) | 6,578,570 | 8 | 6,574,982 | 8 |
| 2540 | Long-term borrowings | 6(19) | 11,176,423 | 14 | 12,323,297 | 15 |
| 2570 | Deferred income tax liabilities | 6(32) | 933,548 | 1 | 868,521 | 1 |
| 2580 | Non-current lease liabilities | 7 | 247,637 | - | 218,089 | - |
| 2600 | Other non-current liabilities | 6(9)(20) | 1,735,142 | 2 | 1,930,560 | 2 |
| 25XX | TOTAL NON-CURRENT LIABILITIES | | 20,671,320 | 25 | 21,915,449 | 26 |
| 2XXX | TOTAL LIABILITIES | | 50,625,383 | 61 | 52,178,214 | 63 |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | | | | |
| | Capital stock | 6(21) | | | | |
| 3110 | Common stock | | 5,123,269 | 6 | 5,123,269 | 6 |
| | Capital reserve | 6(22) | | | | |
| 3200 | Capital surplus | | 10,252,875 | 12 | 9,828,746 | 11 |
| | Retained earnings | 6(23) | | | | |
| 3310 | Legal reserve | | 3,197,654 | 4 | 3,002,026 | 4 |
| 3320 | Special reserve | | 2,036,346 | 3 | 2,334,534 | 3 |
| 3350 | Unappropriated earnings | | 5,547,850 | 7 | 5,782,390 | 7 |
| | Other equity | 6(24) | | | | |
| 3400 | Other equity interest | | (2,601,651) | (4) | (2,036,346) | (2) |
| | Treasury shares | 6(21) | | | | |
| 3500 | Treasury shares | | (272,066) | - | (272,066) | - |
| 31XX | Equity attributable to owners of the parent | | 23,284,277 | 28 | 23,762,553 | 29 |
| 36XX | Non-controlling interests | | 9,216,611 | 11 | 6,321,335 | 8 |
| 3XXX | TOTAL EQUITY | | 32,500,888 | 39 | 30,083,888 | 37 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | TOTAL LIABILITIES AND EQUITY | | \$ 83,126,271 | 100 | \$ 82,262,102 | 100 |

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | | Year ended December 31 | | | |
|-------|--|--------------------|------------------------|-------|---------------|-------|
| | | | 2021 | | 2020 | |
| Items | Notes | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(24)(25) and 7 | \$ 86,800,735 | 100 | \$ 89,552,100 | 100 |
| 5000 | Operating costs | 6(7)(30)(31) and 7 | (77,225,461) | (89) | (79,778,673) | (89) |
| 5900 | Gross profit | | 9,575,274 | 11 | 9,773,427 | 11 |
| | Operating expenses | 6(30)(31) | | | | |
| 6100 | Sales and marketing expenses | | (1,915,799) | (2) | (1,706,404) | (2) |
| 6200 | General and administrative expenses | | (3,495,100) | (4) | (3,326,946) | (4) |
| 6300 | Research and development expenses | | (2,259,829) | (3) | (2,386,034) | (2) |
| 6450 | Expected credit gain | 12(2) | 6,295 | - | 40,378 | - |
| 6000 | Total operating expenses | | (7,664,433) | (9) | (7,379,006) | (8) |
| 6900 | Operating income | | 1,910,841 | 2 | 2,394,421 | 3 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(26) | 77,057 | - | 105,872 | - |
| 7010 | Other income | 6(27) and 7 | 549,435 | 1 | 578,283 | 1 |
| 7020 | Other gains and losses | 6(28) | (68,754) | - | (382,175) | (1) |
| 7050 | Finance costs | 6(29) | (341,527) | - | (349,253) | - |
| 7060 | Share of profit of associates and joint ventures accounted for under equity method | 6(9) | 26,415 | - | 236,687 | - |
| 7000 | Total non-operating income and expenses | | 242,626 | 1 | 189,414 | - |
| 7900 | Income before income tax | | 2,153,467 | 3 | 2,583,835 | 3 |
| 7950 | Income tax expense | 6(32) | (814,963) | (1) | (699,467) | (1) |
| 8200 | Net income | | \$ 1,338,504 | 2 | \$ 1,884,368 | 2 |

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Year ended December 31 | | | |
|--|--|------------------------|---------------------|------------------------|----------|
| | | 2021 | | 2020 | |
| Items | Notes | AMOUNT | % | AMOUNT | % |
| Other comprehensive (loss) income, net | | | | | |
| Components of other comprehensive (loss) income that will not be reclassified to profit or loss | | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 6(20) | \$ 41,038 | - (\$ 7,235) | - |
| 8316 | Unrealized gain on equity instrument at fair value through other comprehensive income | 6(3) | (254,701) | - (55,232) | - |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | | (75,874) | - 2,866 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(32) | (8,207) | - 1,035 | - |
| 8310 | Total components of other comprehensive (loss) income that will not be reclassified to profit or loss | | (297,744) | - (58,566) | - |
| Components of other comprehensive (loss) income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | | (582,101) | (1) 377,265 | - |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | 7,476 | - 21,923 | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(32) | 115,177 | - (82,675) | - |
| 8360 | Total components of other comprehensive (loss) income that will be reclassified to profit or loss | | (459,448) | (1) 316,513 | - |
| 8300 | Other comprehensive (loss) income, net | | (\$ 757,192) | (1) \$ 257,947 | - |
| 8500 | Total comprehensive income for the period | | \$ 581,312 | 1 \$ 2,142,315 | 2 |
| Net (loss) income attributable to: | | | | | |
| 8610 | Shareholders of the parent | | \$ 921,042 | 1 \$ 1,967,432 | 2 |
| 8620 | Non-controlling interests | | 417,462 | 1 (83,064) | - |
| | Total | | <u>\$ 1,338,504</u> | <u>2 \$ 1,884,368</u> | <u>2</u> |
| Total comprehensive (loss) income attributable to: | | | | | |
| 8710 | Shareholders of the parent | | \$ 385,907 | 1 \$ 2,254,491 | 2 |
| 8720 | Non-controlling interests | | 195,405 | - (112,176) | - |
| | Total | | <u>\$ 581,312</u> | <u>1 \$ 2,142,315</u> | <u>2</u> |
| Basic earnings per share (in dollars) | | | | | |
| 9750 | Total basic earnings per share | 6(33) | <u>\$ 1.90</u> | <u>\$ 4.06</u> | |
| Diluted earnings per share (in dollars) | | | | | |
| 9850 | Total diluted earnings per share | 6(33) | <u>\$ 1.89</u> | <u>\$ 4.02</u> | |

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| Equity attributable to owners of the parent | | | | | | | | | | | |
|--|-------------------|-----------------|---------------|-----------------|-------------------------|---|---|-----------------|---|--------------------------|---------------|
| Notes | Retained Earnings | | | | | Other equity interest | | | Total equity attributable to shareholders of the parent | Non-controlling interest | Total equity |
| | Common stock | Capital reserve | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury shares | | | |
| Year ended December 31, 2020 | | | | | | | | | | | |
| Balance at January 1, 2020 | \$ 5,123,269 | \$ 9,471,717 | \$ 2,803,290 | \$ 1,609,901 | \$ 6,030,302 | (\$ 2,079,456) | (\$ 255,079) | (\$ 272,066) | \$ 22,431,878 | \$ 5,810,641 | \$ 28,242,519 |
| Net income (loss) for the year | - | - | - | - | 1,967,432 | - | - | - | 1,967,432 | (83,064) | 1,884,368 |
| Other comprehensive income (loss) 6(24) | - | - | - | - | (11,130) | 349,333 | (51,144) | - | 287,059 | (29,112) | 257,947 |
| Total comprehensive income (loss) | - | - | - | - | 1,956,302 | 349,333 | (51,144) | - | 2,254,491 | (112,176) | 2,142,315 |
| Appropriation of 2019 earnings 6(23) | | | | | | | | | | | |
| Legal reserve | - | - | 198,736 | - | (198,736) | - | - | - | - | - | - |
| Special reserve | - | - | - | 724,633 | (724,633) | - | - | - | - | - | - |
| Cash dividend | - | - | - | - | (1,280,818) | - | - | - | (1,280,818) | - | (1,280,818) |
| Difference between proceeds from acquisition or disposal of subsidiary and book value 6(22) | - | 163,668 | - | - | (27) | - | - | - | 163,641 | (21,587) | 142,054 |
| Changes in net equity of associates and joint ventures accounted for under the equity method 6(22) | - | 167,141 | - | - | - | - | - | - | 167,141 | - | 167,141 |
| Changes in ownership interests in subsidiaries 6(22) | - | (38) | - | - | - | - | - | - | (38) | - | (38) |
| Cash dividends distributed to subsidiaries 6(22) | - | 26,258 | - | - | - | - | - | - | 26,258 | - | 26,258 |
| Changes in non-controlling interest | - | - | - | - | - | - | - | - | - | 644,457 | 644,457 |
| Balance at December 31, 2020 | \$ 5,123,269 | \$ 9,828,746 | \$ 3,002,026 | \$ 2,334,534 | \$ 5,782,390 | (\$ 1,730,123) | (\$ 306,223) | (\$ 272,066) | \$ 23,762,553 | \$ 6,321,335 | \$ 30,083,888 |
| Year ended December 31, 2021 | | | | | | | | | | | |
| Balance at January 1, 2021 | \$ 5,123,269 | \$ 9,828,746 | \$ 3,002,026 | \$ 2,334,534 | \$ 5,782,390 | (\$ 1,730,123) | (\$ 306,223) | (\$ 272,066) | \$ 23,762,553 | \$ 6,321,335 | \$ 30,083,888 |
| Net income for the year | - | - | - | - | 921,042 | - | - | - | 921,042 | 417,462 | 1,338,504 |
| Other comprehensive (loss) income 6(24) | - | - | - | - | 30,170 | (398,919) | (166,386) | - | (535,135) | (222,057) | (757,192) |
| Total comprehensive income (loss) | - | - | - | - | 951,212 | (398,919) | (166,386) | - | 385,907 | 195,405 | 581,312 |
| Appropriation of 2020 earnings 6(23) | | | | | | | | | | | |
| Legal reserve | - | - | 195,628 | - | (195,628) | - | - | - | - | - | - |
| Special reserve | - | - | - | (298,188) | 298,188 | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (1,280,818) | - | - | - | (1,280,818) | - | (1,280,818) |
| Difference between proceeds from acquisition or disposal of subsidiary and book value 6(22) | - | 393,228 | - | - | - | - | - | - | 393,228 | (313,099) | 80,129 |
| Changes in ownership interests in subsidiaries 6(22) | - | 4,150 | - | - | (7,494) | - | - | - | (3,344) | 2,434 | (910) |
| Changes in net equity of associates and joint ventures accounted for under the equity method 6(22) | - | 493 | - | - | - | - | - | - | 493 | (262,434) | (261,941) |
| Cash dividends distributed to subsidiaries 6(22) | - | 26,258 | - | - | - | - | - | - | 26,258 | - | 26,258 |
| Changes in non-controlling interest | - | - | - | - | - | - | - | - | - | 3,272,970 | 3,272,970 |
| Balance at December 31, 2021 | \$ 5,123,269 | \$ 10,252,875 | \$ 3,197,654 | \$ 2,036,346 | \$ 5,547,850 | (\$ 2,129,042) | (\$ 472,609) | (\$ 272,066) | \$ 23,284,277 | \$ 9,216,611 | \$ 32,500,888 |

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Years ended December 31 | |
|--|-----------------------|-------------------------|---------------|
| | Notes | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 2,153,467 | \$ 2,583,835 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Gain on financial assets or liabilities at fair value through profit or loss | | - | (8,472) |
| Depreciation (including investment property) | 6(10)(11)(12)(28)(30) | 3,461,767 | 3,223,064 |
| Amortisation | 6(13)(30) | 102,724 | 119,825 |
| Expected credit gain | 12(2) | (6,295) | (40,378) |
| Interest expense | 6(29) | 341,527 | 349,253 |
| Interest income | 6(26) | (77,057) | (105,872) |
| Share of profit of associates accounted for using the equity method | 6(9) | (26,415) | (236,687) |
| (Gain) loss on disposal of property, plant and equipment | 6(28) | (3,397) | 71,752 |
| Gain on disposal of investments | 6(28) | (165,959) | (250,764) |
| Goodwill impairment loss | 6(28) | 110,000 | 539,338 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets measured at fair value through profit or loss | | - | 137,622 |
| Contract assets | (| 3,111,862) | 65,401 |
| Notes receivable | (| 13,063) | (10,577) |
| Accounts receivable | (| 75,827) | (821,844) |
| Accounts receivable from related parties | | 290,800 | (172,726) |
| Other receivables | (| 89,505) | 154,683 |
| Other receivables from related parties | (| 5,346) | 39,957 |
| Inventories | (| 2,398,239) | (2,181,326) |
| Prepayments | (| 2,246,299) | 164,481 |
| Other current assets | | 38,192 | (105,209) |
| Other non-current assets | (| 25,417) | 43,519 |
| Changes in operating liabilities | | | |
| Contract liabilities | (| 293,008) | 109,553 |
| Notes payable | (| 5) | (3,118) |
| Accounts payable | (| 415,961) | 2,837,260 |
| Accounts payables to related parties | | 11,381 | (69,365) |
| Other payables | (| 18,876) | (383,626) |
| Refund liabilities | (| 7,897) | (223,305) |
| Other current liabilities | | 72,421 | 248,779 |
| Other non-current liabilities | (| 190,561) | 121,562 |
| Cash (outflow) inflow generated from operations | (| 2,588,710) | 6,196,615 |
| Interest received | | 77,057 | 105,872 |
| Dividends received | | 71,138 | 82,280 |
| Interest paid | (| 329,973) | (326,057) |
| Income tax paid | (| 779,709) | (405,611) |
| Net cash flows (used in) from operating activities | (| 3,550,197) | 5,653,099 |

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Years ended December 31 | |
|--|-------|-------------------------|----------------|
| | Notes | 2021 | 2020 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through other comprehensive income | 12(3) | (\$ 173,760) | (\$ 41,910) |
| Proceeds from disposal of investments accounted for under the equity method | | 138,721 | - |
| Financial assets at amortised cost | | 4,150,526 | (4,783,185) |
| Acquisition of investments accounted for using equity method | | (216,760) | (210,000) |
| Proceeds from capital reduction of investments accounted for using equity method | | - | 342,528 |
| Acquisition of property, plant and equipment | 6(35) | (3,254,426) | (2,429,984) |
| Proceeds from disposal of property, plant and equipment | | 47,525 | 165,412 |
| Acquisition of intangible assets | 6(13) | (35,017) | (71,543) |
| Proceeds from disposal of intangible assets | 6(13) | 1,316 | 11,365 |
| Increase in prepayments for business facilities | | (598,696) | (463,631) |
| Increase in refundable deposits | | (103,997) | (96,148) |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | | 96,184 | 28,191 |
| Increase in prepayments for investments | 6(9) | - | (73,672) |
| Proceeds from disposal of subsidiaries | | (29,246) | 441,275 |
| Net cash flows from (used in) investing activities | | 22,370 | (7,181,302) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term borrowings | 6(36) | 35,536,407 | 38,795,921 |
| Repayments of short-term borrowings | 6(36) | (35,652,237) | (36,493,084) |
| Short-term notes and bills payable | 6(36) | 1,209,300 | 12,280 |
| Proceeds from issuance of bonds | | - | 3,584,462 |
| Proceeds from long-term borrowings | 6(36) | 16,991,016 | 24,851,016 |
| Repayment of long - term borrowings | 6(36) | (18,337,667) | (23,946,230) |
| Repayment of lease liabilities | 6(36) | (235,401) | (233,619) |
| Cash dividends paid | 6(23) | (1,280,818) | (1,212,061) |
| Proceeds from disposal of ownership investments in subsidiaries | 6(35) | 802,809 | - |
| Changes in non-controlling interest | | 2,470,161 | 644,457 |
| Net cash flows from financing activities | | 1,503,570 | 6,003,142 |
| Effect of change in exchange rates | | (261,680) | 221,872 |
| Net (decrease) increase in cash and cash equivalents | | (2,285,937) | 4,696,811 |
| Cash and cash equivalents at beginning of year | | 10,993,540 | 6,296,729 |
| Cash and cash equivalents at end of year | | \$ 8,707,603 | \$ 10,993,540 |

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000523

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Cheng Uei Precision Industry Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of 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, based on our audits and the report(s) of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only financial statements as of and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants 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.

Emphasis of matter-significant unresolved litigation involving investments accounted for under the equity method

As described in Notes 9(1) to the parent company only financial statements, Fugang Electric (Maanshan) Co., Ltd., an equity-method investment of the Company, has a lawsuit with Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. On November 19, 2021, Ma'anshan Intermediate People's Court in Anhui Province rendered a first-instance decision, affirming that Fugang Electric (Maanshan) Co., Ltd. shall pay principal amounting to RMB 274,450 thousand and interest amounting to RMB 139,488.9 thousand, based on the amount agreed in the court's judgement and interest calculated until the date when the principal is fully repaid, to Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. within 30 days from the effective date of this judgement. On December 7, 2021, Fugang Electric (Maanshan) Co., Ltd. filed a second instance appeal with the Higher People's Court of Anhui Province to request to modify or remand the decision in accordance with the laws. On March 17, 2022, Fugang Electric (Maanshan) Co., Ltd. filed an administrative litigation with the Ma'anshan Intermediate People's Court in Anhui Province against the People's Government of Ma'anshan Municipality, the Administrative Committee of Ma'anshan Economic and Technological Development Zone and Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. pursuant to Article 12 of the "Administrative Procedure Law of the People's Republic of China". As of the financial reporting date, the possible result of this litigation cannot be determined, therefore our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the year ended December 31, 2021 are stated as follows:

Valuation of Goodwill impairment for the investments accounted for under the equity method / subsidiaries

Description

Please refer to Note 4(10) for accounting policies on investments accounted for under the equity method and Note 6(5) for details of investments accounted for under the equity method.

The amount of goodwill (including indefinite useful life trademarks) was derived from the acquisition of Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and DG Lifestyle Store Limited by the Company's subsidiary, FIT Holding Co., Ltd. The Company valued the impairment of goodwill (including indefinite useful life trademarks) through the discounted cash flow method, using the higher of value in use or fair value less costs to sell to measure the cash generating unit's recoverable amount. As the assumptions of expected future cash flows contained subjective judgement and involved a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of goodwill impairment (including indefinite useful life trademarks) was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed the reasonableness of valuation of goodwill impairment policies and procedures, including collection of internal and external data, operating forecast and industry changes.
- B. Obtained the external appraisal report on impairment valuation and performed the following procedures:
 - (a) We examined the external appraiser's qualification and assessed the independence, objectiveness and competence.
 - (b) We assessed that the valuation method used in the appraisal report was widely used and appropriate.
 - (c) We assessed the reasonableness of significant assumptions (including expected growth rate and discount rate) applied in the appraisal report.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(9) for accounting policies on inventory, Note 5 for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(4) for details of inventory. Please refer to Note 4(10) for accounting policies on investments accounted for under the equity method, and Notes 8 and 9 for details of investments accounted for under the equity method.

As of December 31, 2021, the balances of inventory and allowance for inventory valuation losses were NT\$1,096,292 thousand and NT\$29,872 thousand, respectively; and the balance of investments accounted for under the equity method was NT\$33,925,134 thousand.

Cheng Uei Precision Industry Co., Ltd. and subsidiaries are primarily engaged in the manufacturing and sale of electronic components and parts. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or obsolescence due to economic depression or an excess of supply over demand. The Company's inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories.

The industry technology is rapidly changing, and the net realisable value involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Given that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses based on our understanding of the Company's operation and industry.
- B. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the effectiveness of the management of inventory.

- C. Verified whether the systematic logic used in the Company's inventory aging report is appropriate and in line with its policies.
- D. Inspected inventory valuation basis adequacy and verified the selected samples' information, for instance, purchase price and sale price. Also recalculated and evaluated the reasonableness of inventory allowance basis in order to verify that the inventory was measured at the lower of cost and net realisable value.

Other matter- Reference to the reports of other auditors

We did not audit the parent company only financial statements of certain investees accounted for under the equity method which reflect the balance of investments of NT\$167,302 thousand and NT\$45,762 thousand as at December 31, 2021 and 2020, constituting 0.29% and 0.08% of total assets; total comprehensive income (including share of profit of subsidiaries, associates and joint ventures accounted for under the equity method, and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method) of NT\$4,362 thousand and NT\$4,847 thousand, for the years ended December 31, 2021 and 2020, constituting 1.13% and 0.21% of total comprehensive income, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

- A. 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.
- B. 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.

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Se-Kai

Liang, Yi-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| ASSETS | | | December 31, 2021 | | December 31, 2020 | |
|--------------------|---|----------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| CURRENT ASSETS | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 235,283 | - | \$ 472,041 | 1 |
| 1150 | Notes receivable, net | | 1,984 | - | 585 | - |
| 1170 | Accounts receivable, net | 6(2) and 12(2) | 10,022,762 | 17 | 10,226,181 | 17 |
| 1180 | Accounts receivable, net - related parties | 7 | 3,839,075 | 7 | 3,312,220 | 5 |
| 1200 | Other receivables | 6(3) | 89,502 | - | 103,883 | - |
| 1210 | Other receivables - related parties | 7 | 6,581,812 | 11 | 9,890,802 | 16 |
| 130X | Inventories | 6(4) | 1,066,420 | 2 | 1,545,671 | 3 |
| 1410 | Prepayments | 7 | 432,553 | 1 | 398,186 | 1 |
| 11XX | TOTAL CURRENT ASSETS | | 22,269,391 | 38 | 25,949,569 | 43 |
| NON-CURRENT ASSETS | | | | | | |
| 1550 | Investments accounted for under the equity method | 6(5) | 33,925,134 | 58 | 32,050,674 | 53 |
| 1600 | Property, plant and equipment | 6(6) | 1,837,627 | 3 | 1,857,292 | 3 |
| 1755 | Right-of-use assets | 6(7) | 92,990 | - | 99,887 | - |
| 1760 | Investment property, net | 6(8) | 156,407 | - | 160,318 | - |
| 1780 | Intangible assets | 6(9) | 20,234 | - | 11,771 | - |
| 1840 | Deferred income tax assets | 6(26) | 259,183 | 1 | 214,905 | 1 |
| 1900 | Other non-current assets | 8 | 23,926 | - | 43,714 | - |
| 15XX | TOTAL NON-CURRENT ASSETS | | 36,315,501 | 62 | 34,438,561 | 57 |
| 1XXX | TOTAL ASSETS | | \$ 58,584,892 | 100 | \$ 60,388,130 | 100 |

(Continued)

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| LIABILITIES AND EQUITY | | | December 31, 2021 | | December 31, 2020 | |
|-------------------------|--|-----------------|-------------------|--------|-------------------|--------|
| | | | Notes | AMOUNT | % | AMOUNT |
| CURRENT LIABILITIES | | | | | | |
| 2100 | Current borrowings | 6(10) | \$ 1,138,848 | 2 | \$ - | - |
| 2130 | Current contract liabilities | 6(19) | 104,902 | - | 352,463 | 1 |
| 2170 | Accounts payable | | 705,448 | 1 | 588,181 | 1 |
| 2180 | Accounts payable - related parties | 7 | 8,334,148 | 14 | 7,876,954 | 13 |
| 2200 | Other payables | 6(11)(28) and 7 | 8,713,215 | 15 | 10,762,201 | 18 |
| 2230 | Current income tax liabilities | 6(26) | 139,372 | - | 450,385 | 1 |
| 2280 | Current lease liabilities | 7 | 41,650 | - | 31,003 | - |
| 2365 | Current refund liabilities | | 226,274 | 1 | 234,142 | - |
| 2399 | Other current liabilities, others | | 8,919 | - | 7,910 | - |
| 21XX | TOTAL CURRENT LIABILITIES | | 19,412,776 | 33 | 20,303,239 | 34 |
| NON-CURRENT LIABILITIES | | | | | | |
| 2530 | Corporate bonds payable | 6(12) | 6,578,570 | 11 | 6,574,982 | 11 |
| 2540 | Long-term borrowings | 6(13) | 8,401,250 | 14 | 8,781,250 | 15 |
| 2570 | Deferred income tax liabilities | 6(26) | 645,577 | 1 | 597,970 | 1 |
| 2580 | Non-current lease liabilities | 7 | 54,191 | - | 70,489 | - |
| 2600 | Other non-current liabilities | 6(14) | 208,251 | 1 | 297,647 | - |
| 25XX | TOTAL NON-CURRENT LIABILITIES | | 15,887,839 | 27 | 16,322,338 | 27 |
| 2XXX | TOTAL LIABILITIES | | 35,300,615 | 60 | 36,625,577 | 61 |
| EQUITY | | | | | | |
| | Capital stock | 6(15) | | | | |
| 3110 | Common stock | | 5,123,269 | 9 | 5,123,269 | 8 |
| | Capital reserve | 6(16) | | | | |
| 3200 | Capital surplus | | 10,252,875 | 17 | 9,828,746 | 16 |
| | Retained earnings | 6(17) | | | | |
| 3310 | Legal reserve | | 3,197,654 | 5 | 3,002,026 | 5 |
| 3320 | Special reserve | | 2,036,347 | 4 | 2,334,534 | 4 |
| 3350 | Unappropriated earnings | | 5,547,849 | 10 | 5,782,390 | 10 |
| | Other equity | 6(18) | | | | |
| 3400 | Other equity interest | | (2,601,651) | (5) | (2,036,346) | (4) |
| | Treasury shares | 6(15) | | | | |
| 3500 | Treasury shares | | (272,066) | - | (272,066) | - |
| 3XXX | TOTAL EQUITY | | 23,284,277 | 40 | 23,762,553 | 39 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | TOTAL LIABILITIES AND EQUITY | | \$ 58,584,892 | 100 | \$ 60,388,130 | 100 |

The accompanying notes are an integral part of these parent company only financial statements.

CHENG UEI PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | | Year ended December 31 | | | |
|--|--|--------------------|------------------------|----------|---------------------|----------|
| | | | 2021 | | 2020 | |
| Items | Notes | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(19) and 7 | \$ 58,674,859 | 100 | \$ 69,135,238 | 100 |
| 5000 | Operating costs | 6(4)(24)(25) and 7 | (56,728,576) | (96) | (65,741,027) | (95) |
| 5900 | Gross profit | | <u>1,946,283</u> | <u>4</u> | <u>3,394,211</u> | <u>5</u> |
| | Operating expenses | 6(24)(25) and 7 | | | | |
| 6100 | Sales and marketing expenses | | (155,617) | - | (130,194) | (1) |
| 6200 | General and administrative expenses | | (715,720) | (1) | (660,488) | (1) |
| 6300 | Research and development expenses | | (756,458) | (2) | (757,174) | (1) |
| 6450 | Expected credit (loss) gain | 12(2) | (12,567) | - | 1,884 | - |
| 6000 | Total operating expenses | | (1,640,362) | (3) | (1,545,972) | (3) |
| 6900 | Operating income | | <u>305,921</u> | <u>1</u> | <u>1,848,239</u> | <u>2</u> |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(20) | 31,274 | - | 27,004 | - |
| 7010 | Other income | 6(8)(21) and 7 | 388,365 | 1 | 317,615 | - |
| 7020 | Other gains and losses | 6(22) | (99,870) | - | 51,427 | - |
| 7050 | Finance costs | 6(23) | (212,326) | (1) | (241,029) | - |
| 7070 | Share of profit of the subsidiaries, associates and joint ventures accounted for under the equity method | 6(5) | <u>705,095</u> | <u>1</u> | <u>357,576</u> | <u>1</u> |
| 7000 | Total non-operating income and expenses | | <u>812,538</u> | <u>1</u> | <u>512,593</u> | <u>1</u> |
| 7900 | Income before income tax | | 1,118,459 | 2 | 2,360,832 | 3 |
| 7950 | Income tax expense | 6(26) | (197,417) | - | (393,400) | - |
| 8200 | Net income | | <u>\$ 921,042</u> | <u>2</u> | <u>\$ 1,967,432</u> | <u>3</u> |
| Other comprehensive (loss) income, net | | | | | | |
| Components of other comprehensive (loss) income that will not be reclassified to profit or loss | | | | | | |
| 8311 | Loss on remeasurements of defined benefit plans | 6(14) | \$ 35,043 | - | (\$ 15,509) | - |
| 8330 | Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for under the equity method, components of other comprehensive income that will not be reclassified to profit or loss | | 2,135 | - | 1,277 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(26) | (7,008) | - | 3,102 | - |
| 8310 | Total Components of other comprehensive (loss) income that will not be reclassified to profit or loss | | <u>30,170</u> | <u>-</u> | <u>(11,130)</u> | <u>-</u> |
| 8361 | Exchange differences arising on translation of foreign operations | | (506,125) | (1) | 414,743 | - |
| 8380 | Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss | | (158,910) | - | (29,221) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(26) | <u>99,730</u> | <u>-</u> | <u>(87,333)</u> | <u>-</u> |
| 8360 | Total Components of other comprehensive (loss) income that will be reclassified to profit or loss | | (565,305) | (1) | 298,189 | - |
| 8300 | Other comprehensive (loss) income, net | | (\$ 535,135) | (1) | \$ 287,059 | - |
| 8500 | Total comprehensive income for the year | | <u>\$ 385,907</u> | <u>1</u> | <u>\$ 2,254,491</u> | <u>3</u> |
| Basic earnings per share (in dollars) | | | | | | |
| 9750 | Basic earnings per share | 6(27) | <u>\$ 1.90</u> | | <u>\$ 4.06</u> | |
| Diluted earnings per share (in dollars) | | | | | | |
| 9850 | Diluted earnings per share | 6(26) | <u>\$ 1.89</u> | | <u>\$ 4.02</u> | |

The accompanying notes are an integral part of these parent company only financial statements.

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Retained Earnings | | | | | Other equity interest | | | |
|--|-------|---------------------|----------------------|---------------------|---------------------|-------------------------|---|---|----------------------|----------------------|
| | Notes | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury shares | Total equity |
| <u>Year ended December 31,2020</u> | | | | | | | | | | |
| Balance at January 1, 2020 | | \$ 5,123,269 | \$ 9,471,717 | \$ 2,803,290 | \$ 1,609,901 | \$ 6,030,302 | (\$ 2,079,456) | (\$ 255,079) | (\$ 272,066) | \$ 22,431,878 |
| Net income for the year | | - | - | - | - | 1,967,432 | - | - | - | 1,967,432 |
| Other comprehensive (loss) income | | - | - | - | - | (11,130) | 349,333 | (51,144) | - | 287,059 |
| Total comprehensive income (loss) | | - | - | - | - | 1,956,302 | 349,333 | (51,144) | - | 2,254,491 |
| Appropriation of 2019 earnings | 6(16) | | | | | | | | | |
| Legal reserve | | - | - | 198,736 | - | (198,736) | - | - | - | - |
| Special reserve | | - | - | - | 724,633 | (724,633) | - | - | - | - |
| Cash dividends | | - | - | - | - | (1,280,818) | - | - | - | (1,280,818) |
| Changes in ownership interests in subsidiaries | 6(15) | - | (38) | - | - | - | - | - | - | (38) |
| Difference between proceeds from acquisition or disposal of subsidiary and book value | 6(15) | - | 163,668 | - | - | (27) | - | - | - | 163,641 |
| Changes in net equity of associates and joint ventures accounted for under the equity method | 6(15) | - | 167,141 | - | - | - | - | - | - | 167,141 |
| Cash dividends distributed to subsidiaries | 6(15) | - | 26,258 | - | - | - | - | - | - | 26,258 |
| Balance at December 31, 2020 | | <u>\$ 5,123,269</u> | <u>\$ 9,828,746</u> | <u>\$ 3,002,026</u> | <u>\$ 2,334,534</u> | <u>\$ 5,782,390</u> | <u>(\$ 1,730,123)</u> | <u>(\$ 306,223)</u> | <u>(\$ 272,066)</u> | <u>\$ 23,762,553</u> |
| <u>Year ended December 31,2021</u> | | | | | | | | | | |
| Balance at January 1, 2021 | | \$ 5,123,269 | \$ 9,828,746 | \$ 3,002,026 | \$ 2,334,534 | \$ 5,782,390 | (\$ 1,730,123) | (\$ 306,223) | (\$ 272,066) | \$ 23,762,553 |
| Net income for the year | | - | - | - | - | 921,042 | - | - | - | 921,042 |
| Other comprehensive (loss) income | | - | - | - | - | 30,170 | (398,919) | (166,386) | - | (535,135) |
| Total comprehensive income (loss) | | - | - | - | - | 951,212 | (398,919) | (166,386) | - | 385,907 |
| Appropriation of 2020 earnings | 6(17) | | | | | | | | | |
| Legal reserve | | - | - | 195,628 | - | (195,628) | - | - | - | - |
| Special reserve | | - | - | - | (298,187) | 298,187 | - | - | - | - |
| Cash dividends | | - | - | - | - | (1,280,818) | - | - | - | (1,280,818) |
| Changes in ownership interests in subsidiaries | 6(16) | - | 493 | - | - | - | - | - | - | 493 |
| Difference between proceeds from acquisition or disposal of subsidiary and book value | 6(16) | - | 393,228 | - | - | - | - | - | - | 393,228 |
| Changes in net equity of associates and joint ventures accounted for under the equity method | 6(16) | - | 4,150 | - | - | (7,494) | - | - | - | (3,344) |
| Cash dividends distributed to subsidiaries | 6(16) | - | 26,258 | - | - | - | - | - | - | 26,258 |
| Balance at December 31, 2021 | | <u>\$ 5,123,269</u> | <u>\$ 10,252,875</u> | <u>\$ 3,197,654</u> | <u>\$ 2,036,347</u> | <u>\$ 5,547,849</u> | <u>(\$ 2,129,042)</u> | <u>(\$ 472,609)</u> | <u>(\$ 272,066)</u> | <u>\$ 23,284,277</u> |

The accompanying notes are an integral part of these parent company only financial statements.

CHENG UEI PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Year ended December 31 | |
|---|--------------------|------------------------|--------------|
| | Notes | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 1,118,459 | \$ 2,360,832 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation (including investment property) | 6(6)(7)(8)(22)(24) | 186,269 | 145,054 |
| Amortisation | 6(9)(24) | 10,519 | 9,131 |
| Expected credit loss (gain) | 12(2) | 12,567 (| 1,884) |
| Interest expense | 6(23) | 212,326 | 241,029 |
| Interest income | 6(20) | (31,274) (| 27,004) |
| Gain on long-term equity investment accounted for under the equity method | 6(5) | (705,095) (| 357,576) |
| Gain on disposal of property, plant and equipment | 6(22) | 142 (| 3,912) |
| Loss from disposal of investments accounted for under the equity method | 6(22) | - | 15,849 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | (| 1,400) (| 585) |
| Accounts receivable | | 190,852 | 125,845 |
| Accounts receivable - related parties | (| 526,854) (| 679,481) |
| Other receivables | | 17,761 | 28,433 |
| Other receivables - related parties | (| 694,390) | 1,415,997 |
| Inventories | | 479,251 | 1,194,412 |
| Prepayments | (| 57,890) | 442,729 |
| Other non-current assets | | 19,788 (| 22,959) |
| Changes in operating liabilities | | | |
| Current contract liabilities | (| 247,561) (| 24,960) |
| Accounts payable | | 117,267 | 133,062 |
| Accounts payable - related parties | | 457,194 (| 3,022,541) |
| Other payables | (| 2,014,064) | 1,174,713 |
| Current refund liabilities | (| 7,869) (| 4,744) |
| Other current liabilities, others | | 1,010 | 495 |
| Other non-current liabilities | (| 54,352) | 1,483 |
| Cash (outflow) inflow generated from operations | (| 1,517,344) | 3,143,418 |
| Interest received | | 31,274 | 27,004 |
| Interest paid | (| 207,448) (| 223,399) |
| Income tax paid | (| 412,379) (| 53,036) |
| Dividend received | | 55,706 | 69,757 |
| Net cash flows (used in) from operating activities | (| 2,050,191) | 2,963,744 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Increase in other receivables - related parties | | 4,000,000 (| 4,000,000) |
| Acquisition of long-term equity investment- subsidiary | (| 1,471,337) (| 492,115) |
| Proceeds from liquidation of investments accounted for under the equity method | | - | 27,066 |
| Prepayments for long-term investments | 6(5) | - (| 73,672) |
| Acquisition of property, plant and equipment | 6(28) | (116,941) (| 181,904) |
| Proceeds from disposal of property, plant and equipment and investment property | | 1,879 | 91,639 |
| Acquisition of intangible assets | 6(9) | (18,982) (| 6,380) |
| Net cash flows from (used in) investing activities | | 2,394,619 (| 4,635,366) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term borrowings | 6(29) | 26,552,276 | - |
| Repayment of short-term borrowings | 6(29) | (25,413,428) | - |
| Increase in other payables - related parties | 6(29) | (24,280) (| 856,522) |
| Repayments of lease liabilities | 6(29) | (34,936) (| 22,676) |
| Proceeds from issuance of bonds | 6(12) | - | 3,600,000 |
| Increase in long-term borrowings | 6(29) | 10,493,000 | 18,482,000 |
| Repayment of long-term borrowings | 6(29) | (10,873,000) (| 18,030,750) |
| Cash dividends paid | 6(17) | (1,280,818) (| 1,280,818) |
| Net cash flows (used in) from financing activities | | (581,186) | 1,891,234 |
| Net (decrease) increase in cash and cash equivalents | | (236,758) | 219,612 |
| Cash and cash equivalents at beginning of year | 6(1) | 472,041 | 252,429 |
| Cash and cash equivalents at end of year | 6(1) | \$ 235,283 | \$ 472,041 |

The accompanying notes are an integral part of these parent company only financial statements.

Cheng Uei Precision Industry Co., Ltd.
PROFIT DISTRIBUTION TABLE
2020

Unit: NTD

| Item | Amount | | Remarks |
|---|---------------|---------------|---|
| | Subtotal | Total | |
| Undistributed surplus earnings, beginning of the period | | 4,604,132,990 | |
| Add: Adjustment for 2021 retained earnings | 22,673,464 | | |
| Undistributed surplus earnings after adjustment | | 4,626,806,454 | |
| Add: net profit after tax | 921,042,301 | | |
| Less: Legal reserve | (94,371,577) | | Allocated in accordance Article 237, Paragraph 1 of the Company Act |
| Less: Provision for special reserve | (565,303,878) | | Allocated in accordance with the provisions of Jinguan Zhengfazi No. 1010012865 |
| Distributable net profit | | 4,888,173,300 | |
| Distributable items: | | | |
| Cash dividend | (768,490,410) | | NTD 1.5 per share |
| Unappropriated retained earnings | | 4,119,682,890 | |

Note 1: In profit distribution for the current year, priority will be given to profit available for distribution for 2021.

Note 2: Dividend distribution is calculated based on the number of issued shares of 512,326,940 at the time of the resolution of the Board of Directors on March 24, 2022.

Note 3: Profit distribution shall be paid in cash in accordance with Article 26-1 of the Company's Articles of Incorporation, and the Board of Directors is authorized to adopt such by resolution.

Responsible person: T.C. Gou Manager: T.C. Gou Accountant in charge: Chen-Phan Pu

Cheng Uei Precision Industry Co., Ltd.
Amendment Comparison Table for the Company's Articles of Incorporation

| Amended provisions | Original provisions | Description |
|--|--|--|
| <p>Article 10. Shareholders' meetings of the Company are of two types, namely general meetings and interim meetings. The general meeting is to be held once a year by the Board of Directors in accordance with the law within six months after the end of each fiscal year. Interim meetings will be convened when necessary in accordance with relevant laws and regulations.</p> <p><u>The Company may convene its shareholders' meetings by video conference or by other methods as announced by the central competent authority.</u></p> | <p>Article 10. Shareholders' meetings of the Company are of two types, namely general meetings and interim meetings. The general meeting is to be held once a year by the Board of Directors in accordance with the law within six months after the end of each fiscal year. Interim meetings will be convened when necessary in accordance with relevant laws and regulations.</p> | <p>In accordance with the revised stipulations of Article 172-2 of the Company Act allowing public offering companies to utilize video conferencing in their shareholders' meetings.</p> |
| <p>Article 28: These Articles were established on June 17, 1986.</p> <p>The first amendment to the Articles, July 1, 1986.</p> <p>The second amendment to the Articles, June 6, 1987.</p> <p>The third amendment to the Articles, March 16, 1990.</p> <p>The fourth amendment to the Articles, December 17, 1995.</p> <p>The fifth amendment to the Articles, January 9, 1996.</p> <p>The sixth amendment to the Articles, April 12, 1996.</p> <p>The seventh amendment to the Articles, September 16, 1996.</p> <p>The eighth amendment to the Articles, January 17, 1997.</p> <p>The ninth amendment to the Articles, May 28th, 1997.</p> <p>The tenth amendment to the Articles, June 11, 1998.</p> <p>The eleventh amendment to the Articles, June 25th, 1999.</p> <p>The twelfth amendment to the Articles, June 2, 2000.</p> <p>The thirteenth amendment to the Articles, June 8, 2001.</p> <p>The fourteenth amendment to the Articles, May 30, 2002.</p> <p>The fifteenth amendment to the Articles, May 30, 2003.</p> <p>The sixteenth amendment to the Articles, June 3rd, 2004.</p> <p>The seventeenth amendment to the</p> | <p>Article 28: These Articles were established on June 17, 1986.</p> <p>The first amendment to the Articles, July 1, 1986.</p> <p>The second amendment to the Articles, June 6, 1987.</p> <p>The third amendment to the Articles, March 16, 1990.</p> <p>The fourth amendment to the Articles, December 17, 1995.</p> <p>The fifth amendment to the Articles, January 9, 1996.</p> <p>The sixth amendment to the Articles, April 12, 1996.</p> <p>The seventh amendment to the Articles, September 16, 1996.</p> <p>The eighth amendment to the Articles, January 17, 1997.</p> <p>The ninth amendment to the Articles, May 28th, 1997.</p> <p>The tenth amendment to the Articles, June 11, 1998.</p> <p>The eleventh amendment to the Articles, June 25th, 1999.</p> <p>The twelfth amendment to the Articles, June 2, 2000.</p> <p>The thirteenth amendment to the Articles, June 8, 2001.</p> <p>The fourteenth amendment to the Articles, May 30, 2002.</p> <p>The fifteenth amendment to the Articles, May 30, 2003.</p> <p>The sixteenth amendment to the Articles, June 3rd, 2004.</p> <p>The seventeenth amendment to the</p> | <p>Date of revision added.</p> |

| Amended provisions | Original provisions | Description |
|--|--|-------------|
| Articles, June 10, 2005. The eighteenth amendment to the Articles, June 14, 2006. The nineteenth amendment to the Articles, June 13, 2007. The twentieth amendment to the Articles, June 20, 2008. The twenty-first amendment to the Articles, June 10, 2009. The twenty-second amendment to the Articles, June 14, 2010. The twenty-third anniversary to the Articles, June 17, 2011. The twenty-fourth amendment to the Articles, June 12, 2012. The twenty-fifth amendment to the Articles, June 11, 2013. The twenty-sixth amendment to the Articles, June 12, 2014. The twenty-seventh amendment to the Articles, June 8, 2016. The twenty-eighth amendment to the Articles, June 8, 2017. The twenty-ninth amendment to the Articles, June 12, 2019. <u>The thirtieth amendment to the Articles, June 21, 2022.</u> | Articles, June 10, 2005. The eighteenth amendment to the Articles, June 14, 2006. The nineteenth amendment to the Articles, June 13, 2007. The twentieth amendment to the Articles, June 20, 2008. The twenty-first amendment to the Articles, June 10, 2009. The twenty-second amendment to the Articles, June 14, 2010. The twenty-third anniversary to the Articles, June 17, 2011. The twenty-fourth amendment to the Articles, June 12, 2012. The twenty-fifth amendment to the Articles, June 11, 2013. The twenty-sixth amendment to the Articles, June 12, 2014. The twenty-seventh amendment to the Articles, June 8, 2016. The twenty-eighth amendment to the Articles, June 8, 2017. The twenty-ninth amendment to the Articles, June 12, 2019. | |

Cheng Uei Precision Industry Co., Ltd.
Procedures for Acquiring or Disposing of Assets Amendment Comparison Table

| Amended provision | Current Provision | Description |
|---|--|--|
| <p>Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulating measures of their respective associations</u> as well as the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>implementing</u> a case, they shall appropriately plan and execute adequate working procedures, in</p> | <p>Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> | <p>Amendments shall be made in accordance with the provisions of letter Jinguanzheng Fazi No. 1110380465 dated January 28, 2022.</p> |

| Amended provision | Current Provision | Description |
|--|--|--|
| <p>order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p> | <p>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.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate,</u> and that they have complied with applicable laws and regulations.</p> | |
| <p>Article 8: Procedures for acquisition or disposal of real estate, equipment, or right-of-use assets thereof.</p> <p>1. Appraisal and operational procedures</p> <p>The Company's acquisition or disposal of real estate, equipment, or right-of-use assets thereof shall be handled in accordance with the Company's fixed asset management measures and the fixed asset cycle procedures of its internal control system.</p> <p>2. Procedures for determining trading terms and authorization limits</p> <p>(1) In the acquisition or disposal of real property or right-of-use assets thereof, the transaction conditions and transaction price should be decided with reference to publicly announced current value, appraised value, actual</p> | <p>Article 8: Procedures for acquisition or disposal of real estate, equipment, or right-of-use assets thereof.</p> <p>1. Appraisal and operational procedures</p> <p>The Company's acquisition or disposal of real estate, equipment, or right-of-use assets thereof shall be handled in accordance with the Company's fixed asset management measures and the fixed asset cycle procedures of its internal control system.</p> <p>2. Procedures for determining trading terms and authorization limits</p> <p>(1) In the acquisition or disposal of real property or right-of-use assets thereof, the transaction conditions and transaction price should be</p> | <p>Amendments shall be made in accordance with the provisions of letter Jinguanzheng Fazi No. 1110380465 dated January 28, 2022.</p> |

| Amended provision | Current Provision | Description |
|--|---|-------------|
| <p>transaction prices of adjacent real estate, and so on, and analysis report is to be prepared and submitted to the Chairperson of the Board of Directors. If the amount exceeds NTD 300 million, it must be approved by the Audit Committee and approved by the Board of Directors.</p> <p>(2) In acquisition or disposal of equipment, it should be selected by way of inquiry, price comparison, negotiation, or bidding, and should be approved level by level in accordance with the method of the approval authority. If the amount exceeds NTD 300 million, then after petitioning the Chairperson of the Board of Directors for approval, it can be done only after gaining the respective approvals of the Audit Committee and the Board of Directors.</p> <p>3. Performance unit In acquiring or disposing of real property, equipment, or right-of-use assets thereof, then after submitting for approval in accordance with the approval authority in the preceding paragraph, responsibility for implementation shall fall upon the department making use of the real property, equipment, or right-of-use assets thereof as well as on the responsible unit.</p> <p>4. Appraisal reports of property or equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% 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</p> | <p>decided with reference to publicly announced current value, appraised value, actual transaction prices of adjacent real estate, and so on, and analysis report is to be prepared and submitted to the Chairperson of the Board of Directors. If the amount exceeds NTD 300 million, it must be approved by the Audit Committee and approved by the Board of Directors.</p> <p>(2) In acquisition or disposal of equipment, it should be selected by way of inquiry, price comparison, negotiation, or bidding, and should be approved level by level in accordance with the method of the approval authority. If the amount exceeds NTD 300 million, then after petitioning the Chairperson of the Board of Directors for approval, it can be done only after gaining the respective approvals of the Audit Committee and the Board of Directors.</p> <p>3. Performance unit In acquiring or disposing of real property, equipment, or right-of-use assets thereof, then after submitting for approval in accordance with the approval authority in the preceding paragraph, responsibility for implementation shall fall upon the department making use of the real property, equipment, or right-of-use assets thereof as well as on the responsible unit.</p> <p>4. Appraisal reports of property or equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% 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</p> | |

| Amended provision | Current Provision | Description |
|--|--|-------------|
| <p>professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal, rendering a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original</p> | <p>land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction</p> | |

| Amended provision | Current Provision | Description |
|---|---|--|
| <p>professional appraiser. (5) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> | <p>amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% 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. (5) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> | |
| <p>Article 9: Procedures for acquisition or disposal of investments in securities 1. Appraisal and operational procedures The Company's acquisition or disposal of securities shall be handled in accordance with the investment cycle operational procedures of its internal control system. 2. Procedures for determining trading terms and authorization limits (1) The purchase and sale of securities on a centralized exchange or in the business office of a securities firm shall be determined by the responsible unit based on market conditions. All transactions involving bond funds or other principal-guaranteed securities with a single transaction amounting to less than NT\$300 million (inclusive) shall be subject to the approval of the supervisor of the Finance Division. If the amount exceeds NT\$300 million, it must gain the approval of the Chairperson of the Board of Directors. The purchase and sale of other</p> | <p>Article 9: Procedures for acquisition or disposal of investments in securities 1. Appraisal and operational procedures The Company's acquisition or disposal of securities shall be handled in accordance with the investment cycle operational procedures of its internal control system. 2. Procedures for determining trading terms and authorization limits (1) The purchase and sale of securities on a centralized exchange or in the business office of a securities firm shall be determined by the responsible unit based on market conditions. All transactions involving bond funds or other principal-guaranteed securities with a single transaction amounting to less than NT\$300 million (inclusive) shall be subject to the approval of the supervisor of the Finance Division. If the amount</p> | <p>Amendments shall be made in accordance with the provisions of letter Jinguanzheng Fazi No. 1110380465 dated January 28, 2022.</p> |

| Amended provision | Current Provision | Description |
|---|---|-------------|
| <p>securities with an amount of NT\$100 million or more shall be subject to the approval of the Chairperson; if the amount exceeds NT\$300 million, it must be approved by the Audit Committee and approved by the Board of Directors.</p> <p>(2) For trading of securities other than on a centralized exchange market or in the business office of a securities firm, before the occurrence of the event, the most recent financial statements of the target company that have been audited, certified or reviewed by an accountant should be obtained as a reference for evaluating the transaction price, and its net value per share, profitability, and future development potential should be considered. An amount of NTD 100 million or more shall be approved by the Chairperson of the Board of Directors. If the amount exceeds NT\$300 million, it must be approved by the Audit Committee and approved by the Board of Directors. In addition, if the transaction amount reaches 20% or more of paid-in capital or NTD 300 million or more, 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p> <p>3. Performance unit</p> <p>In acquiring or disposing of investments in securities, after submitting for approval in accordance with the approval authority in the preceding paragraph, responsibility for implementation shall fall upon the finance unit.</p> <p>4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary</p> | <p>exceeds NT\$300 million, it must gain the approval of the Chairperson of the Board of Directors. The purchase and sale of other securities with an amount of NT\$100 million or more shall be subject to the approval of the Chairperson; if the amount exceeds NT\$300 million, it must be approved by the Audit Committee and approved by the Board of Directors.</p> <p>(2) For trading of securities other than on a centralized exchange market or in the business office of a securities firm, before the occurrence of the event, the most recent financial statements of the target company that have been audited, certified or reviewed by an accountant should be obtained as a reference for evaluating the transaction price, and its net value per share, profitability, and future development potential should be considered. An amount of NTD 100 million or more shall be approved by the Chairperson of the Board of Directors. If the amount exceeds NT\$300 million, it must be approved by the Audit Committee and approved by the Board of Directors. In addition, if the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, 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. If issuance of an expert report is required, <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise</p> | |

| Amended provision | Current Provision | Description |
|---|--|--|
| documentation issued by the court may be substituted for the appraisal report or CPA opinion. | <p>provided by regulations of the Financial Supervisory Commission.</p> <p>3. Performance unit In acquiring or disposing of investments in securities, after submitting for approval in accordance with the approval authority in the preceding paragraph, responsibility for implementation shall fall upon the finance unit.</p> <p>4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> | |
| <p>Article 10: Related party transactions</p> <p>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 in compliance with the provisions of the preceding article and this article, if the transaction amount reaches 10% 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 accordance with the provisions of the preceding article. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein. Separately, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operational procedures 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</p> | <p>Article 10: Related party transactions</p> <p>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 in compliance with the provisions of the preceding article and this article, if the transaction amount reaches 10% 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 accordance with the provisions of the preceding article. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein. Separately, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operational procedures When the Company intends to</p> | <p>Amendments shall be made in accordance with the provisions of letter Jinguanzheng Fazi No. 1110380465 dated January 28, 2022.</p> |

| Amended provision | Current Provision | Description |
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| <p>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 NTD 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 after the following matters have gained the approval of more than half of all members of the Audit Committee in advance and a resolution is proposed to the Board of Directors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(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 paragraph 3, subparagraphs (1) and (4) of this article.</p> <p>(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.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> | <p>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 NTD 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 after the following matters have gained the approval of more than half of all members of the Audit Committee in advance and a resolution is proposed to the Board of Directors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(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 paragraph 3, subparagraphs (1) and (4) of this article.</p> <p>(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.</p> <p>(5) Monthly cash flow forecasts for</p> | |

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| <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public offering 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 Chairperson of the Board may be authorized by the Board of Directors to make a decision first within a limit of NTD 500 million or less and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> 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. <p>When a matter is submitted for discussion by the Company to the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p><u>If the Company or its subsidiary that is not a domestic public company initiates the transaction and the transaction amount exceeds 10% of the Company's total assets, the Company shall submit the documents listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this limitation shall not apply to transactions between the Company and its parent company, its subsidiaries, or their subsidiaries in turn.</u></p> | <p>the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, paragraph 2, item 5 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 submitted to the Board of Directors for approval and recognized by the Audit Committee in accordance with these procedures need not be counted toward the transaction amount.</u></p> <p>With respect to the types of transactions listed below, when to be conducted between a public offering 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 Chairperson of the Board may be authorized by the Board of Directors to make a decision first within a limit of NTD 500 million or less and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> 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. | |

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| <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, paragraph 2, item 5 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 submitted to the shareholders' meeting and the Board of Directors for approval and recognized by the Audit Committee in accordance with these procedures need not be counted toward the transaction amount.</u></p> <p>3. Reasonableness assessment of transaction costs</p> <p>(1) When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single</p> | <p>When a matter is submitted for discussion by the Company to the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>3. Reasonableness assessment of transaction costs</p> <p>(1) When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased or</p> | |

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| <p>property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) When the Company acquires real property a related party, it shall evaluate the cost of real estate in accordance with the provisions of paragraph 3, subparagraphs (1) and (2) of this article and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraphs (1) and (2) of this article are lower than the transaction price, the matter shall be handled in accordance with paragraph 3, subparagraph (5) of this article. 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:</p> <p>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:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry</p> | <p>leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) When the Company acquires real property a related party, it shall evaluate the cost of real estate in accordance with the provisions of paragraph 3, subparagraphs (1) and (2) of this article and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraphs (1) and (2) of this article are lower than the transaction price, the matter shall be handled in accordance with paragraph 3, subparagraph (5) of this article. 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:</p> <p>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:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross</p> | |

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| <p>for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company in acquiring real property, or in 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 as aforementioned refer in principle 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% of the property in the planned transaction.</p> <p>"Within the preceding year" as aforementioned refers to the year preceding the date of the acquisition of the real estate or right-of-use assets thereof.</p> <p>(5) When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraphs (1) and (2 of this article) are uniformly lower than the transaction price, the following steps shall be taken.</p> | <p>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.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company in acquiring real property, or in 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 as aforementioned refer in principle 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% of the property in the planned transaction.</p> <p>"Within the preceding year" as aforementioned refers to the year preceding the date of the acquisition of the real estate or</p> | |

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| <p>1. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the 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 Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Independent Directors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to paragraph 3, subparagraph (5), items 1 and 2 of this article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>If the Company and a public company that uses the equity method to evaluate the Company's investments has set aside a special reserve as aforementioned, it 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 the Financial Supervisory Commission has given its consent.</p> <p>(6) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, it should be handled in accordance with</p> | <p>right-of-use assets thereof.</p> <p>(5) When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraphs (1) and (2 of this article) are uniformly lower than the transaction price, the following steps shall be taken.</p> <p>1. A special reserve shall be set aside by the Company in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the 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 Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Independent Directors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to paragraph 3, subparagraph (5), items 1 and 2 of this article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>If the Company and a public company that uses the equity method to evaluate the Company's investments has set aside a special reserve as aforementioned, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased</p> | |

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| <p>the first and second paragraphs of this article in respect to evaluation and operation procedures. Paragraph 3, subparagraphs (1), (2), and (3) of this article concerning the evaluation of the reasonableness of transaction costs shall not apply:</p> <ol style="list-style-type: none"> 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. <p>(7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with paragraph 3, subparagraph 5 of this article if there is other evidence indicating that the acquisition was not an arms-length transaction.</p> | <p>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 the Financial Supervisory Commission has given its consent.</p> <p>(6) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, it should be handled in accordance with the first and second paragraphs of this article in respect to evaluation and operation procedures. Paragraph 3, subparagraphs (1), (2), and (3) of this article concerning the evaluation of the reasonableness of transaction costs shall not apply:</p> <ol style="list-style-type: none"> 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. <p>(7) When the Company obtains</p> | |

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| | real property or right-of-use assets thereof from a related party, it shall also comply with paragraph 3, subparagraph 5 of this article if there is other evidence indicating that the acquisition was not an arms-length transaction. | |
| <p>Article 11: Procedures for acquisition or disposal of memberships or intangible assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets, this shall be handled in accordance with the Company's fixed asset cycle procedures of the Company's internal control system. If the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> | <p>Article 11: Procedures for acquisition or disposal of memberships or intangible assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets, this shall be handled in accordance with the Company's fixed asset cycle procedures of the Company's internal control system. If the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a 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; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. In addition, the procedures for determining trading terms and authorization limits shall be handled in accordance with the provisions of Article 8, Paragraph 2.</u></p> | <p>Amendments shall be made in accordance with the provisions of letter Jinguanzheng Fazi No. 1110380465 dated January 28, 2022.</p> |
| <p>Article 14: Information Disclosure Procedures</p> <p>1. Required public announcement items and public declaration standards</p> <p>(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</p> | <p>Article 14: Information Disclosure Procedures</p> <p>1. Required public announcement items and public declaration standards</p> <p>(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-</p> | <p>Amendments shall be made in accordance with the provisions of letter Jinguanzheng Fazi No. 1110380465 dated January</p> |

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| <p>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.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>1. When a company's paid-in capital is less than NTD 10 billion and the transaction amount reaches NTD 500 million or more.</p> <p>2. When a company's paid-in capital is NTD 10 billion or more and the transaction amount reaches NTD 1 billion or more.</p> <p>(5) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall</p> | <p>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.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>1. When a company's paid-in capital is less than NTD 10 billion and the transaction amount reaches NTD 500 million or more.</p> <p>2. When a company's paid-in capital is NTD 10 billion or more and the transaction amount reaches NTD 1 billion or more.</p> <p>(5) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and</p> | <p>28, 2022.</p> |

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| <p>be a transaction amount reaching NT\$1 billion or more.</p> <p>(6) 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.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NTD 300 million. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than Taiwan's sovereign rating.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u> in the primary market or issuances of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or purchase or resale of index investment securities,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase | <p>furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(6) 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.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NTD 300 million. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the | |

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| <p>and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The calculation method of the transaction amount in the preceding paragraph is as follows. In addition, "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the rules need not be counted toward the transaction amount.</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. Time limit for making announcements and declarations</p> <p>When the Company acquires or disposes of assets, if there are items that should be announced in Paragraph 1 of this article and the transaction amount reaches the standard for announcement and declaration in this article, the announcement and declaration shall be made within two days from the day of the occurrence of the event.</p> <p>3. Announcement and reporting procedures</p> <p>(1) The Company shall publish relevant information on the website</p> | <p>Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The calculation method of the transaction amount in the preceding paragraph is as follows. In addition, "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the rules need not be counted toward the transaction amount.</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. Time limit for making announcements and declarations</p> <p>When the Company acquires or disposes of assets, if there are items that should be announced in Paragraph 1 of this article and the transaction amount reaches the standard for announcement and declaration in this article, the announcement and declaration shall be made within two days from</p> | |

| Amended provision | Current Provision | Description |
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| <p>designated by the competent authority for announcements and declarations.</p> <p>(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any non-domestic subsidiaries, and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(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.</p> <p>(4) When the Company acquires or disposes of assets, it 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.</p> <p>(5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the authority within two days counting inclusively from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p> | <p>the day of the occurrence of the event.</p> <p>3. Announcement and reporting procedures</p> <p>(1) The Company shall publish relevant information on the website designated by the competent authority for announcements and declarations.</p> <p>(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any non-domestic subsidiaries, and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(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.</p> <p>(4) When the Company acquires or disposes of assets, it 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.</p> <p>(5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the authority within two days</p> | |

| Amended provision | Current Provision | Description |
|-------------------|--|-------------|
| | <p>counting inclusively from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p> | |

Cheng Uei Precision Industry Co., Ltd.
Implementation Measures for Endorsements and Guarantees Amendment
Comparison Table

| Amended provision | Current Provision | Description |
|--|---|---|
| <p>Article 4: Amounts of Endorsements or Guarantees The overall external endorsement and guarantee amounts of the Company and its subsidiaries shall not exceed <u>300%</u> of current net value. The amount of endorsements and guarantees for a single enterprise shall not exceed <u>150%</u> of the current net value, and for subsidiaries holding 90% or more of equity, it shall not exceed <u>150%</u> of the Company's net value.</p> <p>Where an endorsement/guarantee is made due to a business relationship, it shall not exceed 150% of the total transaction amount with the Company in the most recent year (the purchasing or sales amount between the two parties, whichever is higher). Net worth is based on the most recent financial statements audited or reviewed by an accountant.</p> | <p>Article 4: Amounts of Endorsements or Guarantees The overall external endorsement and guarantee amounts of the Company and its subsidiaries shall not exceed 100% of current net value. The amount of endorsements and guarantees for a single enterprise shall not exceed 40% of the current net value, and for subsidiaries holding 90% or more of equity, it shall not exceed 50% of the Company's net value.</p> <p>Where an endorsement/guarantee is made due to a business relationship, it shall not exceed 150% of the total transaction amount with the Company in the most recent year (the purchasing or sales amount between the two parties, whichever is higher). Net worth is based on the most recent financial statements audited or reviewed by an accountant.</p> | <p>In order to meet the needs of subsidiaries' operation, the limits of overall endorsements and guarantees and that for a single enterprise should be increased.</p> |

Cheng Uei Precision Industry Co., Ltd.

Articles of Incorporation

Chapter I: General Provisions

Article 1: Organized in accordance with the provisions of the Company Act, the Company is named 正崙精密工業股份有限公司, and its English name is Cheng Uei Precision Industry Co., Ltd.

Article 2. Businesses of the Company are shown at left:

1. CA02010 Manufacture of Metal Structure and Architectural Components
2. CB01010 Mechanical Equipment Manufacturing
3. CB01030 Pollution Controlling Equipment Manufacturing
4. CB01990 Other Machinery Manufacturing
5. CC01020 Electric Wires and Cables Manufacturing
6. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
7. CC01040 Lighting Equipment Manufacturing
8. CC01060 Wired Communication Mechanical Equipment Manufacturing
9. CC01070 Wireless Communication Mechanical Equipment Manufacturing
10. CC01080 Electronics Components Manufacturing
11. CC01090 Manufacture of Batteries and Accumulators
12. CC01101 Restrained Telecom Radio Frequency Device and Materials Manufacturing
13. CC01110 Computer and Peripheral Equipment Manufacturing
14. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
15. CE01010 General Instrument Manufacturing
16. CE01030 Optical Instruments Manufacturing
17. CE01990 Other Optics and Precision Instrument Manufacturing
18. CI01010 Rope, Cable and Net Manufacturing
19. CQ01010 Mold and Die Manufacturing
20. E601020 Electric Appliance Installation
21. E603090 Illumination Equipments Construction
22. E701010 Telecommunications Engineering
23. E801010 Indoor Decoration
24. F107990 Wholesale of Other Chemical Products
25. F111090 Wholesale of Building Materials
26. F113050 Wholesale of Computers and Clerical Machinery Equipment
27. F118010 Wholesale of Computer Software
28. F207990 Retail Sale of Other Chemical Products
29. F211010 Retail Sale of Building Materials
30. F213030 Retail Sale of Computers and Clerical Machinery Equipment
31. F218010 Retail Sale of Computer Software
32. F401021 Restrained Telecom Radio Frequency Device and Materials Import
33. G801010 Warehousing and Storage
34. I102010 Investment Consultancy
35. I301010 Software Design Services
36. J101050 Sanitary and Pollution Controlling Services

37. J101060 Wastewater (Sewage) Treatment

38. ZZ9999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: With the approval of the Board of Directors, the Company may provide endorsements/guarantees in light of business relationships. Such operations must be handled in accordance with the Company's implementation methods for endorsements and guarantees.

Article 4: The Company has established its headquarters in New Taipei City. When necessary, branches or subsidiaries may be established domestically and abroad by resolution of the Board of Directors. The Company engages in reinvestments domestically and abroad. When acting as a limited liability shareholder of a company, its total investment is not subject to the 40% restriction on paid-in share capital as per Article 13 of the Company Act.

Article 5: Announcement methods of the Company shall be handled in accordance with Article 28 of the Company Act.

Chapter II: Shares

Article 6: Total capital of the Company is NTD 7 billion divided into 700 million shares or ten New Taiwan dollars per share and the Board of Directors is authorized to issue in installments as needed.

The capital amount in the preceding paragraph shall set aside NTD 500 million for the issuance of employee stock option certificates for a total of fifty thousand shares at ten New Taiwan Dollars per share. These may be issued in installments in accordance with the resolutions of the Board of Directors.

In the event that the Company's shares are allowed to be repurchased by the Company in accordance with the law, the Board of Directors is authorized to do so in accordance with other corresponding regulations.

Article 6-1: For shares purchased by the Company, transfer counterparties may include employees of parents or subsidiaries of the company meeting certain specific requirements. The Board of Directors is authorized to decide such conditions and methods of transfer. Issuance of the Company's employee stock option certificates may be made to counter parties including employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board of Directors is authorized to decide such conditions and methods of issuance.

Issuance of the Company's new restricted employee shares may be made to counter parties including employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board of Directors is authorized to decide such conditions and methods of distribution.

The Company's cash capital increases and issuance of new shares reserved for employee purchase may be made to counter parties including employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board of Directors is authorized to decide such conditions and methods of purchase.

Article 7. The Company's stocks are all registered, signed or stamped by the Director representing the Company, and issued after obtaining certification according to law. Its shares are exempted from being in the form of printed stocks, but the centralized securities custodial institution

must be contacted for registration.

Article 8: Except as otherwise provided by laws and regulations, the stock affairs of the Company should be handled in accordance with the guidelines for the handling of shares of publicly issued companies as issued by the competent authority.

Article 9: Entries in the register of shareholders shall be suspended within 60 days before the General Meeting of Shareholders, within 30 days before an interim shareholders meeting, or within 5 days before the base date when the Company has decided to distribute dividends and bonuses or other benefits.

Chapter III: Shareholders' Meeting

Article 10: Shareholders' meetings of the Company are of two types, namely general meetings and interim meetings. The general meeting is to be held once a year by the Board of Directors in accordance with the law within six months after the end of each fiscal year. Interim meetings will be convened when necessary in accordance with relevant laws and regulations.

Article 11: The shareholders' meeting shall be presided over by the Chairperson of the Board of Directors of the Company as presiding chair. When the chairperson is absent, the chairperson shall appoint one of the directors to act as chair. If the such a representative is not appointed, the directors shall recommend one person from among themselves to act as chair. If the shareholders' meeting is convened by someone other than the Board of Directors, the convening party shall chair the meeting. When there are two or more conveners, one person from among them should serve as chair.

Article 12: If a shareholder is unable to attend the shareholders' meeting for any reason, a proxy may be entrusted to attend by executing a power of attorney issued by the Company and stating therein the scope of power authorized to the proxy. Except as provided by Article 177 of the Company Act, the means of shareholders' entrusted attendance shall be subject to the provisions of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies as issued by the competent authority.

Article 13: Shareholders of the company have one vote per share except as otherwise provided by laws and regulations.

Article 14: Unless otherwise stipulated by the Company Act, the resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of issued shares, and shall be implemented with more than half of the voting rights of the shareholders present.

Shareholders of the Company may also exercise their voting rights electronically. Shareholders who exercise their voting rights electronically are deemed to have attended the shareholders' meeting in person; and relevant matters are to be handled in accordance with laws and regulations.

Article 15: The resolutions of a shareholders meeting shall be recorded in the meeting minutes, and the meeting minutes shall be signed or sealed by the chair of the meeting. Furthermore, a copy of the minutes shall be distributed to each shareholder within 20 days after the meeting; the distribution of the minutes of the shareholders' meeting can be done in

the form of announcements. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be continually maintained throughout the existence of the Company.

Chapter IV: Directors and Audit Committee

Article 16. The Company shall have between 7 and 9 directors serving three-year terms. Adopting a candidate nomination system, the Board of Directors shall be elected by the shareholders' meeting from a list of director candidates and may be re-elected. Shares held by all directors shall not be below a certain percentage of the total issued shares of the Company. This percentage is to be in accordance with regulations set by the competent authority.

Among the number of directors in the preceding paragraph, the number of independent directors shall not be fewer than three. Adopting a candidate nomination system, the shareholders' meeting shall select them from a list of candidates for independent directors. Regarding independent directors' professional qualifications, shareholding, part-time restrictions, nomination and selection methods, and other compliance matters, they shall be handled in accordance with the relevant regulations of the securities authority.

Article 17. The Board of Directors is to be organized by the directors. The Board shall elect a chairperson from among the directors at a meeting attended by over two-thirds of the directors and approved by more than half of the directors present. In the event that the chairperson requests leave or is unable to exercise his or her powers for any reason, the chairperson shall designate a director to act as his or her proxy. If the chairperson does not designate such a stand-in, the directors will choose a representative from among themselves.

Article 18: Except for the first meeting of each newly elected Board of Directors or when convening in accordance with Article 203 of the Company Act, remaining meetings of the Board of Directors shall be convened by the chairperson and he or she shall concurrently serve as presiding chair. Unless otherwise specified by the Company, resolutions shall be attended by more than half of the directors and should require the consent of more than half of the directors present. When a director cannot attend the board of directors for some reason, then subject to the provisions of Article 205 of the Company Act a power of attorney may be issued entrusting another director to attend as representative. This shall be limited to appointment of one such person as representative. In case a meeting of the board of directors is held via a visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. The notice of the convening of the Board of Directors can be done by written notification, fax, or electronically.

Article 19: The functions and powers of the Board of Directors are as follows:

1. Review of business policies and medium and long-term development plans; review and supervision of annual business plans.
2. Proposal of budgets and of final accounts.

3. Formulation of planned capital increases and decreases.
4. Proposals concerning profit distributions or covering of losses.
5. Proposals for important external contracts.
6. Proposals of amendments to the Company's Articles of Incorporation.
7. Compilation of organizational rules and important business rules for the Company.
8. Establishment and disestablishment of branches; drafting of reorganizations or dissolutions.
9. Appointment and removal of the President and of vice presidents of the Company.
10. Convening of meetings of shareholders.
11. Proposals of purchases and disposals of important property of the Company.
12. Compilation of external endorsements/guarantees and external investment cases of the Company.
13. Proposals for capitalization of dividend bonuses or capital reserves.
14. Functions and powers as stipulated by Article 202 of the Company Act.
15. Cash distributions of capital reserves in the form of profit distributions or legal reserves.

Article 20: When vacancies among directors reach one-third, the Board of Directors shall convene a by-election of the shareholders' meeting in accordance with the law. The corresponding term of office shall be limited to the time required to fulfill those of the original appointments.

Article 21: The proceedings of a meeting of the Board of Directors shall be recorded in the meeting minutes and the meeting minutes shall be signed or sealed by the chair of the meeting. Furthermore, a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes of the proceedings should record the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and their results. The minutes shall be continually maintained throughout the existence of the Company.

Article 22: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
The Company has set up an Audit Committee to replace the authority of supervisors in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed exclusively of independent directors and its number not less than three. Among them, one should act as convener and the exercise of associated powers and related matters shall be handled in accordance with relevant laws and regulations, and shall be separately determined by the Board of Directors.

Article 23: In respect of the remuneration of all directors, the Board of Directors is authorized to reach agreement according to the usual standards of the industry. In addition, the Company may purchase liability insurance for directors, to mitigate the risk of directors being sued by shareholders or other related parties due to the execution of their duties in accordance with the law.

Chapter V: Managers

Article 24: The Company may have a number of presidents, vice presidents, chief executive officers, and Group general managers and deputy general managers. Their appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI: Accounting

Article 25: At the end of each fiscal year, the Company's Board of Directors shall prepare (1) a business report; (2) financial statements; and (3) various schedules such as profit distribution or loss off-setting proposals, etc.

Article 26: If the Company makes a profit during the year (referring to profit before tax minus the profit before the distribution of employee remuneration and director remuneration), it should allocate no less than 6% for employee remuneration and no more than 3% for directors' remuneration. However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance. Remuneration of employees as per the preceding paragraph can be made in stock or cash; payment counterparties may include employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board of Directors is authorized to decide such conditions and methods of distribution. The remuneration of directors can only be paid in cash.

The preceding two items shall be implemented by resolutions of the Board of Directors and reported to the shareholders' meeting.

Article 26-1: If there is a surplus in the Company's annual final accounts, it shall first pay taxes to make up for the accumulated losses. A further 10% withdrawal is the legal reserve, but this is not the case when the legal reserve has reached the total paid-in capital of the Company. The remainder is subject to proposal by the Board of Directors as profit distributions and submitted to the shareholders' meeting for a resolution to distribute dividends to shareholders.

If distribution of the profit, legal reserve, and capital reserve in the preceding paragraph are to be issued in cash, they shall be authorized for distribution by resolution of Board of Directors with at least two-thirds of the directors present and more than half of the attending directors in agreement, and this shall be reported to the shareholders meeting.

The Company operates in information and communication-related industries, and is in the growth stage of the Company's life cycle. Therefore, in order to match the overall environment and the characteristics of industry growth, and to achieve the Company's goal of sustainable operations and stable operating performance, the Company's dividend policy directs that not more than 90% of the company's distributable earnings will be distributed to shareholders in the form of dividends. Furthermore, and in line with the future capital expenditure budget and capital demand situation, the cash dividend portion of the Company's dividends will not be less than 20%. When distributing profits, aside from the legal reserve stipulated by law, the Company shall abide by Article 41, Paragraph 1 of the Securities and Exchange Act in applying deduction amounts to shareholders' equity occurring in the current year (e.g., unrealized losses of financial products, cumulative

conversion adjustments, etc.) Since the current year's after-tax profit and the previous period's undistributed profit would allocate the same amount of special reserve, no such distribution would be made. When reversals are made to deduction amounts applied to shareholders' equity, the reversal portion of the profit may be distributed.

Chapter VII: Supplementary Provisions

Article 27. Matters not stipulated in these Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 28: These Articles were established on June 17, 1986.

The first amendment to the Articles, July 1, 1986.

The second amendment to the Articles, June 6, 1987.

The third amendment to the Articles, March 16, 1990.

The fourth amendment to the Articles, December 17, 1995.

The fifth amendment to the Articles, January 9, 1996.

The sixth amendment to the Articles, April 12, 1996.

The seventh amendment to the Articles, September 16, 1996.

The eighth amendment to the Articles, January 17, 1997.

The ninth amendment to the Articles, May 28th, 1997.

The tenth amendment to the Articles, June 11, 1998.

The eleventh amendment to the Articles, June 25th, 1999.

The twelfth amendment to the Articles, June 2, 2000.

The thirteenth amendment to the Articles, June 8, 2001.

The fourteenth amendment to the Articles, May 30, 2002.

The fifteenth amendment to the Articles, May 30, 2003.

The sixteenth amendment to the Articles, June 3rd, 2004.

The seventeenth amendment to the Articles, June 10, 2005.

The eighteenth amendment to the Articles, June 14, 2006.

The nineteenth amendment to the Articles, June 13, 2007.

The twentieth amendment to the Articles, June 20, 2008.

The twenty-first amendment to the Articles, June 10, 2009.

The twenty-second amendment to the Articles, June 14, 2010.

The twenty-third anniversary to the Articles, June 17, 2011.

The twenty-fourth amendment to the Articles, June 12, 2012.

The twenty-fifth amendment to the Articles, June 11, 2013.

The twenty-sixth amendment to the Articles, June 12, 2014.

The twenty-seventh amendment to the Articles, June 8, 2016.

The twenty-eighth amendment to the Articles, June 8, 2017.

The twenty-ninth amendment to the Articles, June 12, 2019.

Cheng Uei Precision Industry Co., Ltd.
Rules of Procedure for Shareholders Meetings

- I. Unless otherwise provided by laws and regulations, shareholders' meetings of the Company should be handled in accordance with these Rules.
- II. Shareholders' Meetings of the Company shall have a visitors' book for the attending shareholders to sign in, or the attending shareholders shall hand in sign-in cards instead. The number of attending shares is calculated based on the signature book or the handed in sign-in card.
- III. Attendance and voting at a shareholders meeting shall be calculated based on the number of shares.
- IV. The venue for TWSE and TPEX listed shareholders' meetings shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- V. If the shareholders meeting is convened by the Board of Directors, the chairperson shall be the presiding chair. When the chairperson of the board is on leave or for any reason unable to perform the duties of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.
 If the shareholders' meeting is convened by a convening party other than the Board of Directors, the convener shall be the presiding chair.
- VI. The Company may appoint the designated counsel, CPAs, or other related persons to attend the meeting.
 Staff handling the administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- VII. The Company shall record or videotape the entire proceedings of the shareholders' meeting and keep it for at least one year.
- VIII. When the meeting time has arrived, the presiding chair shall immediately announce the meeting. However, if the number of shareholders present does not represent more than half of the total issued shares, the presiding chair may announce a postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.
 By the end of such meeting, if number of shares represented by the attending shareholders has already constituted more than one half of the outstanding shares, the presiding chair may put the tentative resolution to the vote at the general meeting again in accordance with Article 174 of Taiwan's Company Act.
- IX. If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors. The meeting shall be conducted according to the scheduled agenda, and shall not be changed without the resolution of the shareholders' meeting.
 If the shareholders' meeting is convened by a convening party other than the

Board of Directors, the provisions of the preceding paragraph shall apply. The agenda set out in the previous two items shall not be declared adjourned by the presiding chair without a resolution before the proceedings are over (including extraordinary motions).

If the presiding chair announces the adjournment of the meeting in violation of the rules of procedure, then with the approval of more than half of the voting rights of shareholders present, one person may be elected as presiding chair to continue the meeting.

After the meeting is adjourned, shareholders may not elect a new presiding chair to continue the meeting at the meeting site or at another venue.

- X. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the presiding 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 contents of the speech do not correspond to the subject given on the speaker's slip, the content of the speech shall prevail.

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

- XI. Unless otherwise permitted by the chairperson, each shareholder shall not speak more than twice concerning the same item, and each speech shall not last more than 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

- XII. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

- XIII. After an attending shareholder has spoken, the presiding chair may respond in person or direct relevant personnel to make response.

- XIV. When the presiding chair is of the opinion that a proposal has been discussed sufficiently for voting to proceed, the presiding chair may announce the closure of the discussion and call for a vote.

- XV. The examiners and counting staff of votes on motions shall be appointed by the presiding chair, but the examiners should have shareholder status. The result of the voting shall be reported on the spot and recorded.

- XVI. During the meeting, the presiding chair may announce a break at his or her discretion.

- XVII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, if there is no objection after consultation by the presiding chair, then the measure shall be deemed as passed and its effect shall be the same as voting.

- XVIII. When there is an amendment or 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.

- XIX. The presiding chair may direct the proctors (or security personnel) to help

maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

Cheng Uei Precision Industry Co., Ltd.
Shareholdings of Directors

1. Minimum numbers of shares to be held by all directors and a detailed list of the numbers of shares held in the shareholder register

Unit: Shares

| Position | Minimum number of shares to be held | Number of shares registered in the shareholder register |
|----------|-------------------------------------|---|
| Director | 16,394,462 | 103,745,849 |

2. Schedule of director shareholdings

Unit: Shares

| Position | Account name | Number of shares registered in the shareholder register |
|----------------------|---|---|
| Chairperson | Hsin Hung International Investment Co., Ltd. representative: T.C. Gou | 100,535,228 |
| Director | Hsin Hung International Investment Co., Ltd. representative: ChenPhan Pu | 100,535,228 |
| Director | Hsin Hung International Investment Co., Ltd. representative: T.C. Wang | 100,535,228 |
| Director | Fu Lin International Investment Co., Ltd. representative: James Lee | 3,210,621 |
| Director | Fu Lin International Investment Co., Ltd. representative: Eric Huang | 3,210,621 |
| Director | Fu Lin International Investment Co., Ltd. representative: Jui-Hsia Wan | 3,210,621 |
| Independent Director | Randy Lee | 0 |
| Independent Director | Chien-Chung Fu | 0 |
| Independent Director | Jing-Mi Tang | 0 |