



EMERGING
DISPLAY
TECHNOLOGIES
CORP.

Stock code: 3038

Emerging Display Technologies Corp. 2022 Annual Shareholders' Meeting

Meeting Agenda (Translation)

Meeting Date: June 17, 2022

Meeting Place: No. 5, Central 1st Road, Cianjhen Dist., Kaohsiung, Taiwan, R.O.C.
(Physical meeting)

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Emerging Display Technologies Corp.

2022 Annual Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Meeting Agenda

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

Place: No. 5, Central 1st Road, Cianjhen Dist., Kaohsiung, Taiwan, R.O.C.

(edt's Headquarters at 1st Floor)

How to convene: Physical meeting

Attendants: All shareholders or their proxy holders

Chairman: Tseng, Jui-Ming (Chairman of the Board of Directors)

1. Reporting Items:

- (1) Report on 2021 business report.
- (2) Audit Committee's review report.
- (3) Report on distribution of 2021 employees' compensation and remuneration for directors.
- (4) Report on 2021 earnings distribution of cash dividend.

2. Adopting Items:

- (1) Adoption of the Business Report and Financial Statements of 2021.
- (2) Adoption of the proposal for distribution of 2021 profits.

3. Discussion Items:

- (1) Amendment to the Company's "Articles of Incorporation".
- (2) Amendment to the Company's "Rules of Procedures for Shareholders' Meeting".
- (3) Amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets".

4. Extemporaneous Motions

5. Meeting Adjourned

Reporting Items:

1. Report on 2021 business report.

Explanatory Note: Please refer to Attachment 1 (page 5~9).

2. Audit Committee's review report.

Explanatory Note: Please refer to Attachment 2 (page 10).

3. Report on distribution of 2021 employees' compensation and remuneration for directors.

Explanatory Note:

- (1) The Company's 2021 profit before tax is NT\$266,535,245 (NT\$289,712,223 if employees' compensation and remuneration for directors excluded). In accordance with Article 22-1 of "Articles of Incorporation", the Company distribute 2021 employees' compensation and remuneration for directors as follows,
 - ◆ Employees' compensation: 5% allocated and NT\$14,485,611 in total.
 - ◆ Remuneration for directors: 3% allocated and NT\$8,691,367 in total.
 - ◆ The above will be fully paid in cash.
- (2) Qualification requirements of employees for the compensation include employees of subsidiary companies who meet certain specific requirements. The distribution amount will depend on employees seniority, position, job performance, overall contribution or special merits and employee qualification.
- (3) There's no difference between the above distribution amount of employees' compensation, remuneration for directors and our book value recognized.

4. Report on 2021 earnings distribution of cash dividend.

Explanatory Note:

- (1) Pursuant to Article 23-1 of the Company's "Articles of Incorporation", the Board of Directors has approved the appropriation of cash dividends of NT\$188,889,124 at NTD 1.2 per share.
- (2) The cash dividends will be distributed according to the percent of shareholding on ex-dividend date and fully distributed until last integer and preclude fraction of dollar. The remainder of undistributed net earnings will be recorded as the Company's other income.
- (3) The cash dividends were approved by the Board of Directors, and the Chairman was authorized to resolve the ex-dividend date and payment date. In the event that, the proposed dividend distribution ratio is affected due to share buyback program, transfer of treasury stocks to employees, reduction of shares or any other reasons affecting the number of outstanding shares, it is proposed that the Chairman be fully authorized to handle such distribution.

Adopting Items:

1. 2021 Business Report and Financial Statements of the Company. Adoption is respectfully requested. (Proposed by the Board of Directors)

Explanatory Note:

- (1) 2021 Parent-Company-Only Financial Statements and Consolidated Financial Statements were audited by independent auditors.
- (2) 2021 Business Report, Independent Auditor's report and the aforementioned Financial Statements are attached hereto as Attachment 1, 3 and 4 (page 5~9, 11~18, 19~26).
- (3) Please proceed to adopt.

Resolution:

2. Distribution of 2021 Profits. Adoption is respectfully requested. (Proposed by the Board of Directors)

Explanatory Note:

- (1) In Fiscal Year 2021, the Company made a net profit of NT\$237,280,142. By adding previous years' retained earnings of NT\$177,570,397, proceeds from disposal of equity instruments at fair value through other comprehensive income of NT\$34,238,450, reversal of special reserve for equity deduction of NT\$13,324,968, and deducting changes of remeasurement from defined benefit plans of NT\$18,937,000, total distributable earnings for year amounted to NT\$443,476,957. After setting aside 10% of net profit as legal reserve of NT\$25,258,159, the Board of Directors has determined the profit to be distributed among shareholders shall be NT\$188,889,124 in cash dividends (NT\$1.2 per share). Please refer to Attachment 5 (page 27) for profit allocation proposal.
- (2) Please proceed to adopt.

Resolution:

Discussion Items:

1. Amendment to the Company's "Articles of Incorporation". Approval is respectfully requested. (Proposed by the Board of Directors)

Explanatory Note: Please refer to Attachment 6 (page 28).

Resolution:

2. Amendment to the Company's "Rules of Procedures for Shareholders' Meeting". Approval is respectfully requested. (Proposed by the Board of Directors)

Explanatory Note: Please refer to Attachment 7 (page 29~31).

Resolution:

3. Amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets". Approval is respectfully requested. (Proposed by the Board of Directors)
Explanatory Note: Please refer to Attachment 8 (page 32~43).
Resolution:

Extemporaneous Motions

Meeting Adjourned

ATTACHMENT 1

Emerging Display Technologies Corp. 2021 Business Report

Dear Shareholders,

First and foremost, I would like to thank you for taking time from your busy schedule to attend this shareholders' meeting. On behalf of **edt**, I would like to express my upmost appreciation for your support and encouragement.

The results of our operating performance in 2021 and outlook for the future are as following:

2021 Business Report

1. Operating Performance

Our consolidated net revenue totaled NT\$4,183,403 thousands in 2021, an increase of 11.94% from NT\$3,737,299 thousands registered in the previous year. This mainly attributes to a continuous optimization of product portfolio in 2021, and the average unit price has increased year by year. However, the strong exchange rates, together with sharp price hikes of major components such as TFT panels and ICs, have caused the entire material cost to rise, which is not conducive to the gross profit margin and profit performances. Therefore, our consolidated net profit only grew by a mere of 1.52% and earnings per share (EPS) stood at NT\$1.60 in 2021. In individual products, the sales proportion of LCD modules (LCM) dropped to less than 30%, but the demand for Capacitive Touch Panel (CTP) and their modules increased relatively with the shipment amount representing a lion's share of nearly 70%. Through the adjustment of product portfolio, our revenue posted a positive and significant growth. Although the cost of the above-mentioned materials has risen sharply, the gross margin performance was not as bright as the previous year. Aided by the cost improvement and operational efficiency, we continues to keep our profitability performance.

Looking back on the past year, although there were still many unfavorable macro-environmental elements, we continued to enhance and improve the touch function of Capacitive Touch Panel (CTP) for diverse small niche markets to service the market demand of various emerging applications that accompany the growth of the "Internet of Things" and expect to achieve stable profit growth.

Combining CTP and TFT-LCD were generally called "Touch Display" which had the diverse development of touch function and will be deepened with the growth of emerging application markets. Encouraged by the improvement of various wireless information transmission technologies and medium-high end mobile computing products, simple and intuitive user interface design has become the mainstream for interactive information display system. Innovation in projected capacitive technology still awaits the touch panel industry to research and develop.

In the competitive environment of the diversified customized demand market, we have corresponded material application and software design with manufacturing process innovation, implemented professional and technical services, and is committed to the improvement of production yield rate and efficiency as well as effective operating cost control. Holding up to the support of our shareholders, we facilitate the best allocation of company resources and strive to achieve the set operating goals.

2. Consolidated financial results & profitability analysis

Unit: NT\$ thousands

	2021	2020
Operating profit	266,855	333,952
Non-operating income and expenses	1,069	(59,843)
Profit before tax	267,924	274,109
Net profit	236,535	232,996
Return on assets	6.77%	6.68%
Return on shareholders' equity	11.67%	11.84%
Pre-tax income to paid-in capital	16.49%	16.87%
Profit ratio	5.65%	6.23%
Earnings per share (NT\$)	1.60	1.57

3. Research and development Status

- (1) From the establishment of **edt**, the research and development of new technology has been highly valued. We spare no effort in improving product quality and developing new varieties. Research and development results of 2021 are as following:

Item	R&D Results	Description of Benefits
1	CTP Water Tolerance Improvement with AI	We have designed a water-tolerance algorithm in the MCU through self-capacitance sensing technology to achieve a single-finger click function at the center of the display during the flushing process of the shower head. However, the surrounding area will be false touch due to the capacitive coupling effect caused by the flowing water. We hope to solve this problem through AI algorithms, and make this technology commercially available.
2	SpaceGesture Technology Development	Develop a touchless human-machine interface interactive gesture sensing function through self-capacitance sensing technology to fulfill customer's needs for touchless solution.
3	Capacitive Touch Panel with Pressure Sensing Function	The water-tolerance algorithm developed by us is currently limited to tap water and rainwater. Through capacitive pressure sensing technology, we hope to solve the problem of unstable control in the case of salt water with high conductivity.
4	Microchip maXTouch Solution Development	Build CTP technology related OS integration through the real project with Microchip.
5	AIoT+Audio Recognition Technology Application Development	Develop the AIoT technology to control white goods.

6	Floating Imaging with Air Touch Technology Development	The floating image display allows users to click on the screen by touching the floating screen instead of the physical buttons. It can be applied to elevators, restaurant POS(point of sale) machines, medical devices, public signage information machines, etc.
7	Light Field Floating Image Technology Development	It is new image display and interaction technology, different from the traditional direct-view 2D screen/image and 2D touch, to provide a more humane, more natural, more intuitive image visual and interactive experience for people. It also changes the interaction interface and promotes a deeper integration between the real world and the virtual world. Thus it will bring new business opportunities for us in smart medical care, smart entertainment, smart retail, and smart mobility.
8	Flexible Liquid Crystal Device Technology Development	While the development of liquid crystal displays in the direction of ultra-thin and light-weight, and the trend of curved wearable products, we use a soft plastic substrate to create a flexible liquid crystal display with additional advantages such as bendability, drop resistance, shatter resistance, and light-weight.
9	Embedded Solution Platform	Finish 3 types Embedded Solution Platform including STM32F750, STM32H750 and STM32H7B0. The STM32H7B0 platform supports 4 product sizes of 3.5 inches, 4.3 inches, 5 inches, and 7 inches. As the LCD connect interface of these 4 sizes are all the same, they can use the same platform by simply selecting the corresponding size inside the program.
10	Add-On Board for Embedded Product	The Add-On Board developed by us has a variety of serial ports and can assist customers in pre-development testing and product integration application through the combination with various types of environment sensing sensors or situation sensing sensors.
11	Intellectual Property Rights (include Patents and Trade Secret)	Number of intellectual property right proposals totaled 25, which include 15 patent proposals and 10 trade secret proposals. Number of intellectual property rights granted totaled 15 (proposals accumulated in the previous years).

(2) Future research and development projects and corresponding budget

In addition to sparing no effort in the research and development of existing areas, we are also quite prepared for new application related software / hardware technologies, such as touch function, somatosensory technology, and embedded system software in response to the vast market of increasingly popular interaction displays. We plan on investing NT\$135,600 thousand for below research and development projects in 2022:

- ◆ CTP Water Tolerance Improvement with AI
- ◆ SpaceGesture Technology Development
- ◆ Capacitive Touch Panel with Pressure Sensing Function
- ◆ Microchip maXTouch Solution Development
- ◆ AloT+Audio Recognition Technology Application Development

Summary of Business Plan for 2022

1. Business objectives

- (1) Develop new technologies to expand market.
 - ① Develop touchless technology.
 - ② Optimize optical bonding process.
- (2) Develop innovative business model for touch display solution.
 - ① Develop new channel for smart embedded product.
 - ② Enhance the service ability of software / firmware.
- (3) Upgrade digital production information and construct intelligent factory.
 - ① Intellectualization of manufacturing process to lower human factors.
- (4) Enhance efficacy of research and development.
 - ① Develop human machine somatosensory technology.
 - ② Establish the development ability of machine learning technology.

2. Expected sales numbers and its basis

- (1) Expected sales numbers for 2022:
 - ① LCD modules 2,700 thousand units
 - ② CTP and its modules 2,300 thousand units
- (2) Basis for expected sales numbers of 2022:
 - ① With the emerging trend of various pan-intelligent products, applications for internet of things, smart home, and wearable devices, the future market demand and application of touch panels will continue to grow.
 - ② The considerable growth potential for various small and medium size TFT panels in intelligent application and pan-industrial electronic products will drive up the sale of TFT modules.
 - ③ Integrated touch display design has become the mainstream gradually with various application market and the customization requirements are relatively high. We believe that there will be a yearly double-digit growth for solutions of touch function combined with display panel.

3. Key sales strategies

- (1) Continuous technological development of the CTP manufacturing process and its material, as well as lamination technology / surface treatment / free form cutting technology of related touch sensors and display panels.
- (2) Actively develop new high value-added products and markets, such as large size products and small and medium size displays with embedded systems, and combined with optical bonding, UV resistance for outdoors, water tolerance, antibacterial touch, 3D gesture control and so on.
- (3) Both business model of low-volume high-mix and high-volume low-mix has pros and cons. Under the principle of 50/50, we will adopt the sales strategy with most appropriate percentage of above two business models according to supply chain and new technology appliance.

Future Development Strategies

1. Focus on the innovative technology development of Capacitive Touch Panel (CTP) and continuous proportional increase of niche type Capacitive Touch Panel product structure.
2. Enhance differentiation design ability of TFT-LCD module, actively seek out sales orders for TFT, and satisfy the different customized needs of clients.
3. Continuously enhance design development of pan-industrial control and medical application products to maintain future growth and profitability. Develop embedded system solution, assist the customer in integrated software, firmware and hardware design, and further differentiate and provide high value-added.
4. Actively build IP strategies and invest in research and development to develop futuristic product technology such as 3D gesture, water tolerance touch and intelligent algorithm, so as to seize prior opportunity into high margin markets.
5. Improve the localized and immediate service quality for major clients via the technical service function of overseas channels.

The Impact of the External Competitive Environment, Regulatory Environment and Macroeconomic Conditions

1. In response to the requirements of RoHS and REACH directives of EU and considering the environmental and climate changes caused by the greenhouse effect, we are currently striving to move towards the trend of net zero carbon emissions through measures such as energy conservation and waste reduction, self-produced green electricity, and the use of clean energy. We expect to formulate commitments and goals to reduce carbon emissions, and propose our systematic carbon reduction policies and measures in the years to come.
2. In response to trade war, we will effectively readjust and reallocate production line in each area to lower tariff influence to zero.
3. The crisis of COVID-19 epidemic is yet to be lifted, and the basis of supply chain deployment has switched from cost reduction in the past to risk reduction for the time being, while shortening the distance of supply chain or localizing production at the same time. To this end, we review the list of backup suppliers established in the past and confirm their supply capacity accordingly. We have also built up a good interactive relationship at ordinary times in order to ensure the smooth supply in times of crisis.
4. The supply shortage under the globalized economic system caused by COVID-19 epidemic is impacting all walks of life for the moment. Aided by long and stable cooperation ties with customers, we have now made an effort into a sustained growth in revenue and profit in the years to come by providing the optimized product portfolio, improving the manufacturing process, and strengthening supply chain communication with effective management.
5. Over 90% of our operating revenue is export in 2021. Since exchange rate fluctuations have a significant impact on us, efficient and stable financial operations will be used for risk aversion.

With dedication to becoming the leading brand with the most complete solutions of small and medium size interaction displays, **edt** stride to hold up to shareholders' expectations and achieve the basis for sustainability and stable development.

ATTACHMENT 2

Emerging Display Technologies Corp. Audit Committee's Review Report

The Board of Directors report the business report, consolidated financial statements, parent-company-only financial statements and profit allocation proposal of 2021. Of the said documents, the financial statements have been duly audited by Certified Public Accountants Po Jen, Yang and Yen Ta, Su of KPMG Taiwan.

The above business report, consolidated financial statements, parent-company-only financial statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Emerging Display Technologies Corp.

Chairman of the Audit Committee: Huang, Hui-Ling



March 10, 2022

ATTACHMENT 3

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the financial statements of Emerging Display Technologies Corp. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. Valuation of accounts receivable

Please refer to Note 4(f) for accounting policy of accounts receivable valuation and Note 5(a) for accounting assumption and estimation uncertainty of impairment of accounts receivable. Information regarding accounts receivable is shown in Note 6 (d) of the parent company only financial statements.

Description of key audit matters:

The Company's customers are the manufacturers of industrial equipment, smart home control devices, healthcare equipment, handheld devices, and information appliance products. The customers' delayed payments were due to the need to clarify the responsibility of problematic products resulted from failure of process or usage of end products, and global economic turmoil. Because of the inherent credit risk of receivables, the financial statements users value the collection results. Since the accounts receivable is significant to the financial statements, they are one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the process of account checking and collection with customers; analyzing the receivable aging report; reviewing the historical receipt and bad debt records; and understanding the forward looking industrial economy status and concentration of credit risk of the customers. In addition, we also evaluated the appropriateness of related disclosures in the parent company only financial statements.

2. Valuation of obsolete inventory

Please refer to Note 4(g) for accounting policy of obsolete inventory and Note 5(b) for accounting assumption and estimation uncertainty of obsolete inventory valuation. Information regarding obsolete inventory valuation is shown in Note 6(f) of the parent company only financial statements.

Description of key audit matters:

Obsolete inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. It focuses on the small and medium sized niche markets of non consumable area. The products are used in industrial equipment, smart home control devices, healthcare equipment, handheld devices, and information appliance products. The development strategy of the Company is diversifying and customizing its products which may result in having an impact on its obsolete inventory cost. As a consequence, there is a risk that the net realizable value of obsolete inventory may turn out to be lower than its carrying value. Therefore, the valuation of obsolete inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging, and examining the provision of inventory by reviewing the historical accuracy on provision. We assessed the changes of obsolescence inventory in the subsequent events and the basis of net realizable value to evaluate the accuracy of the Company's provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

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

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

In preparing the parent company only financial statements, the 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 the management either intends to liquidate the Company or to cease its operations, there is no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Po Jen, Yang and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2022

Notes to Readers

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

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP.
Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 711,866	21	1,159,414	32	2100	Short-term borrowings (note 6(m))	\$ -	-	700,000	20
1110	Financial assets at fair value through profit or loss, current (note 6(b))	42	-	58,817	2	2120	Financial liabilities at fair value through profit or loss, current (note 6(b))	-	-	195	-
1120	Financial assets at fair value through other comprehensive income, current (note 6(c))	281,311	8	138,432	4	2150	Notes payable	86	-	1,234	-
1170	Accounts receivable, net (notes 6(d) and (v))	492,468	14	457,575	13	2170	Accounts payable	505,207	15	355,622	10
1180	Accounts receivable—related parties, net (notes 6(d), (v), and 7)	310,944	9	202,276	6	2180	Accounts payable—related parties (note 7)	27,082	1	90,862	3
1200	Other receivables (note 6(e))	1,621	-	5,510	-	2200	Other payables (note 6(n))	240,693	7	238,554	7
130X	Inventories (note 6(f))	968,367	28	794,173	22	2220	Other payables—related parties (note 7)	11,420	-	9,784	-
1470	Other current assets (notes 6(g) and 8)	25,363	1	75,060	2	2230	Income tax liabilities	28,647	1	49,083	1
Total current assets		<u>2,791,982</u>	<u>81</u>	<u>2,891,257</u>	<u>81</u>	2280	Lease liabilities, current (note 6(p))	2,031	-	1,966	-
Non-current assets:						2300	Other current liabilities (note 6(v))	53,437	2	41,974	1
1517	Financial assets at fair value through other comprehensive income, non-current (note 6(c))	35,280	1	31,611	1	Total current liabilities		<u>868,603</u>	<u>26</u>	<u>1,489,274</u>	<u>42</u>
1550	Investments accounted for using equity method (note 6(h))	274,653	8	273,765	7	Non-current liabilities:					
1600	Property, plant and equipment (notes 6(j), 8 and 9)	266,891	8	278,747	8	2540	Long-term borrowings (notes 6(o) and 8)	398,349	12	-	-
1755	Rights-of-use assets (note 6(k))	58,205	1	60,927	2	2570	Deferred income tax liabilities (note 6(r))	240	-	354	-
1780	Intangible assets (note 6(l))	3,666	-	4,091	-	2580	Lease liabilities, non-current (note 6(p))	58,640	1	60,671	2
1840	Deferred income tax assets (note 6(r))	21,451	1	31,634	1	2640	Net defined benefit liability, non-current (note 6(q))	100,977	3	87,048	2
1980	Other non-current financial assets (note 6(g))	2,566	-	5,834	-	2645	Guarantee deposits received	34	-	34	-
Total non-current assets		<u>662,712</u>	<u>19</u>	<u>686,609</u>	<u>19</u>	2670	Other non-current liabilities	520	-	728	-
						Total non-current liabilities		<u>558,760</u>	<u>16</u>	<u>148,835</u>	<u>4</u>
						Total liabilities		<u>1,427,363</u>	<u>42</u>	<u>1,638,109</u>	<u>46</u>
						Equity attributable to owners of parent (notes 6(s) and 11):					
						3100	Ordinary shares	1,624,076	47	1,624,076	45
						3200	Capital surplus	25,980	1	15,423	-
						3300	Retained earnings	654,787	19	591,094	17
						3400	Other equity interest	(104,491)	(3)	(117,815)	(3)
						3500	Treasury shares	(173,021)	(6)	(173,021)	(5)
						Total equity		<u>2,027,331</u>	<u>58</u>	<u>1,939,757</u>	<u>54</u>
Total assets		<u>\$ 3,454,694</u>	<u>100</u>	<u>3,577,866</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,454,694</u>	<u>100</u>	<u>3,577,866</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP.
Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(v) and 7)	\$ 4,085,202	100	3,642,433	100
5000	Operating costs (notes 6(f), (l), (q), (w), 7 and 12)	3,471,600	85	2,959,499	81
	Gross profit	613,602	15	682,934	19
5910	Less: Unrealized profit (loss) from sales (note 7)	9,804	-	15,309	-
5920	Add: Realized profit (loss) from sales (note 7)	15,309	-	13,567	-
	Gross profit	619,107	15	681,192	19
	Operating expenses (notes 6(l), (q), (w), 7 and 12):				
6100	Selling expenses	143,369	4	137,735	4
6200	Administrative expenses	94,943	2	99,698	3
6300	Research and development expenses	116,966	3	115,565	3
6450	Expected credit impairment loss (gain) (note 6(d))	33	-	5,481	-
	Net operating income	355,311	9	358,479	10
6500	Net other income (expenses) (note 6(x))	512	-	528	-
	Net operating income	264,308	6	323,241	9
	Non-operating income and expenses (notes 6(c), (p), (y) and 7):				
7100	Interest income	1,159	-	9,663	-
7010	Other income	27,294	1	11,190	-
7020	Other gains and losses	(20,498)	(1)	(68,680)	(2)
7050	Finance costs	(7,984)	-	(10,853)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	2,256	-	5,608	-
	Total non-operating income and expenses	2,227	-	(53,072)	(2)
7900	Profit from continuing operations before tax	266,535	6	270,169	7
7950	Less: Income tax expenses (note 6(r))	29,255	1	36,703	1
	Profit	237,280	5	233,466	6
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(18,937)	-	(1,286)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(s))	52,573	1	19,932	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (note 6(s))	6,626	-	(22,115)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(r))	(66)	-	298	-
		40,328	1	(3,767)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(s))	(10,533)	-	(4,355)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(s))	(1,169)	-	170	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	-	-	-	-
		(11,702)	-	(4,185)	-
8300	Other comprehensive income	28,626	1	(7,952)	-
8500	Comprehensive income	<u>\$ 265,906</u>	<u>6</u>	<u>225,514</u>	<u>6</u>
	Earnings per share (New Taiwan Dollars) (note 6(u)):				
9750	Basic net income per share (New Taiwan Dollars)	<u>\$ 1.60</u>		<u>1.57</u>	
9850	Diluted net income per share (New Taiwan Dollars)	<u>\$ 1.59</u>		<u>1.56</u>	

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP.
Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest		Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2020	\$ 1,624,076	4,397	57,015	151,307	330,944	(14,111)	(88,501)	(173,021)	1,892,106
Profit	-	-	-	-	233,466	-	-	-	233,466
Other comprehensive income	-	-	-	-	(1,286)	(4,185)	(2,481)	-	(7,952)
Total comprehensive income	-	-	-	-	232,180	(4,185)	(2,481)	-	225,514
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	25,733	-	(25,733)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(188,889)	-	-	-	(188,889)
Reversal of special reserve	-	-	-	(48,695)	48,695	-	-	-	-
Exercise of disgorgement	-	473	-	-	-	-	-	-	473
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	8,537	-	(8,537)	-	-
Balance on December 31, 2020	1,624,076	15,423	82,748	102,612	405,734	(18,296)	(99,519)	(173,021)	1,939,757
Profit	-	-	-	-	237,280	-	-	-	237,280
Other comprehensive income	-	-	-	-	(18,937)	(11,702)	59,265	-	28,626
Total comprehensive income	-	-	-	-	218,343	(11,702)	59,265	-	265,906
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	24,072	-	(24,072)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(188,889)	-	-	-	(188,889)
Special reserve	-	-	-	15,203	(15,203)	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	34,101	-	(34,101)	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income in subsidiaries	-	-	-	-	138	-	(138)	-	-
Return of employee stock ownership trust	-	4	-	-	-	-	-	-	4
Balance on December 31, 2021	\$ 1,624,076	25,980	106,820	117,815	430,152	(29,998)	(74,493)	(173,021)	2,027,331

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 266,535	270,169
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	46,660	60,103
Amortization expense	1,194	1,365
Expected credit impairment loss	33	5,481
Net gain on financial assets or liabilities at fair value through profit or loss	(5,736)	(7,336)
Interest expense	7,984	10,853
Interest income	(1,133)	(9,575)
Dividend income	(26,502)	(7,646)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,256)	(5,608)
Gain on disposal of property, plant and equipment	(436)	-
Unrealized profit from sales	9,804	15,309
Realized profit from sales	(15,309)	(13,567)
Unrealized foreign exchange loss	3,058	31,606
Others	4	-
Total adjustments to reconcile profit	17,365	80,985
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in accounts receivable	(36,807)	(145,315)
(Increase) decrease in accounts receivable – related parties	(110,471)	82,869
Decrease in other receivable	3,582	3,679
Increase in inventories	(174,194)	(81,879)
Decrease (increase) in other current assets	50,510	(24,543)
Total changes in operating assets	(267,380)	(165,189)
Changes in operating liabilities:		
(Decrease) increase in notes payable	(1,148)	927
Increase (decrease) in accounts payable	151,707	(25,713)
Decrease in accounts payable – related parties	(63,143)	(3,020)
Increase (decrease) in other payable	1,772	(11,403)
Increase in other payable – related parties	1,796	2,618
Increase in other current liabilities	11,462	19,675
Decrease in net defined benefit liability	(5,008)	(2,784)
Decrease in other non-current liabilities	(208)	(208)
Total changes in operating liabilities	97,230	(19,908)
Total changes in operating assets and liabilities	(170,150)	(185,097)
Total adjustments	(152,785)	(104,112)
Cash inflow generated from operations	113,750	166,057
Interest received	1,441	11,266
Dividends received	26,501	7,613
Interest paid	(9,598)	(10,398)
Income taxes paid	(39,556)	(42,218)
Net cash flows from operating activities	92,538	132,320
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(339,254)	(101,460)
Proceeds from disposal of financial assets at fair value through other comprehensive income	245,279	80,033
Acquisition of financial assets at fair value through profit or loss	(30,135)	(60,350)
Proceeds from disposal of financial assets at fair value through profit or loss	94,451	62,165
Proceeds from residuals of long-term investments under equity method	-	194
Acquisition of property, plant and equipment	(33,998)	(30,825)
Proceeds from disposal of property, plant and equipment	2,942	-
Acquisition of intangible assets	(769)	(1,696)
Decrease in other receivables due from related parties	-	20,951
Decrease (increase) in other financial assets	2,255	(2,950)
Dividends received	12,351	3,006
Net cash flows used in investing activities	(46,878)	(30,932)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(700,000)	300,000
Increase in long-term borrowings	400,000	-
Repayments of long-term borrowings	-	(320,000)
Disorgement received	-	591
Cash dividends paid	(188,895)	(188,883)
Repayments of lease liabilities	(1,966)	(1,558)
Net cash flows used in financing activities	(490,861)	(209,850)
Effect of exchange rate changes on cash and cash equivalents	(2,347)	(30,659)
Net decrease in cash and cash equivalents	(447,548)	(139,121)
Cash and cash equivalents at beginning of period	1,159,414	1,298,535
Cash and cash equivalents at end of period	\$ 711,866	1,159,414

See accompanying notes to financial statements.

ATTACHMENT 4

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the accompanying consolidated financial statements of Emerging Display Technologies Corp. and subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. Valuation of accounts receivable

Please refer to Note 4(g) for accounting policy of accounts receivable valuation and Note 5(a) for accounting assumption and estimation uncertainty of impairment of accounts receivable. Information regarding accounts receivable is shown in Note 6 (d) of the consolidated financial statements.

Description of key audit matters:

The Group's customers are the manufacturers of industrial equipment, smart home devices, handheld devices, and information appliance products. The customers' delayed payments were due to the need to clarify the responsibility of problematic products resulted from failure of process or usage of end products, and global economic turmoil. Because of the inherent credit risk of receivables, the financial statements users value the collection results. Since the accounts receivable is significant to the financial statements, they are one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the process of account checking and collection with customers; analyzing the receivable aging report; reviewing the historical receipt and bad debt records; and understanding the forward-looking industrial economic status and concentration of credit risk of the customers. In addition, we also evaluated the appropriateness of related disclosures in the consolidated financial statements.

2. Valuation of obsolete inventory

Please refer to Note 4(g) for accounting policy of obsolete inventory and Note 5(b) for accounting assumption and estimation uncertainty of obsolete inventory valuation. Information regarding obsolete inventory valuation is shown in Note 6(f) of the consolidated financial statements.

Description of key audit matters:

Obsolete inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. It focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home devices, handheld devices, and information appliance products. The development strategy of the Group is diversifying and customizing its products which may result in having an impact on its obsolete inventory cost. As a consequence, there is a risk that the net realizable value of obsolete inventory may turn out to be lower than its carrying value. Therefore, the valuation of obsolete inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging, and examining the provision of inventory by reviewing the historical accuracy on provision. We assessed the changes of obsolescence inventory in the subsequent events and the basis of net realizable value to evaluate the accuracy of the Group's provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

Other Matters

We have also audited the parent company only financial statements of Emerging Display Technologies Corp. as of and for the year ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, the 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 the management either intends to liquidate the Group or to cease its operations, there is 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Po Jen, Yang and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2022

Notes to Readers

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

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents ((Note 6(a))	\$ 816,356	23	1,242,331	34	2100	Short-term loans (Notes 6(m))	\$ -	-	700,000	19
1110	Financial assets at fair value through profit or loss, current ((Note 6(b))	42	-	58,817	2	2120	Financial liabilities at fair value through profit or loss, current (Notes 6(b))	-	-	195	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))	302,101	8	159,760	5	2150	Notes payable	86	-	1,234	-
1170	Accounts receivable, net (Note 6(d) and 6 (v))	749,530	21	589,550	16	2170	Accounts payable	559,800	16	400,068	11
1200	Other receivables (Note 6(e))	2,823	-	6,090	-	2200	Other payables (Notes 6(n))	290,708	8	274,518	8
1220	Income tax assets	104	-	18	-	2230	Income tax liabilities	29,744	1	51,559	2
130X	Inventories (Note 6(f))	1,056,165	29	870,501	24	2280	Lease liabilities, current (Notes 6(p))	11,644	-	7,325	-
1470	Other current assets (Note 6(g) and 8)	51,997	2	83,002	2	2300	Other current liabilities (Notes 6(v))	55,718	2	43,204	1
Total current assets		<u>2,979,118</u>	<u>83</u>	<u>3,010,069</u>	<u>83</u>	Total current liabilities		<u>947,700</u>	<u>27</u>	<u>1,478,103</u>	<u>41</u>
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	113,460	3	98,691	3	2540	Long-term loans (Notes 6(o) and 8)	398,349	11	-	-
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)	332,762	9	331,314	9	2570	Deferred income tax liabilities (Note 6(s))	240	-	354	-
1755	Right-of-use assets (Notes 6(j))	77,475	2	67,228	2	2580	Lease liabilities, non-current (Notes 6(p))	68,730	2	61,833	2
1760	Investment property (Notes 6(k))	52,967	2	55,158	2	2640	Net defined benefit liabilities, non-current (Note 6(r))	100,977	3	87,048	2
1780	Intangible assets (Note 6(l))	3,685	-	4,111	-	2645	Guarantee deposits received	544	-	558	-
1840	Deferred income tax assets (Note 6(s))	21,737	1	31,928	1	2670	Other non-current liabilities	520	-	728	-
1980	Other non-current financial assets (Notes 6(g) and 8)	8,239	-	10,690	-	Total non-current liabilities		<u>569,360</u>	<u>16</u>	<u>150,521</u>	<u>4</u>
Total non-current assets		610,325	17	599,120	17	Total liabilities		<u>1,517,060</u>	<u>43</u>	<u>1,628,624</u>	<u>45</u>
						Equity attributable to shareholders of the parent(Note 6 (t) and 11:					
						3100	Capital stock	1,624,076	45	1,624,076	45
						3200	Capital surplus	25,980	1	15,423	-
						3300	Retained earnings	654,787	18	591,094	17
						3400	Other equity interest	(104,491)	(3)	(117,815)	(3)
						3500	Treasury stock	(173,021)	(5)	(173,021)	(5)
							Total equity attributable to shareholders of the parent	2,027,331	56	1,939,757	54
						36XX	Non-controlling interests (Note 6(h))	45,052	1	40,808	1
						Total equity		<u>2,072,383</u>	<u>57</u>	<u>1,980,565</u>	<u>55</u>
TOTAL		<u>\$ 3,589,443</u>	<u>100</u>	<u>3,609,189</u>	<u>100</u>	TOTAL		<u>\$ 3,589,443</u>	<u>100</u>	<u>3,609,189</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(v))	\$ 4,183,403	100	3,737,299	100
5000	Operating cost (Note 6(f, l, r & w) and 12)	<u>3,470,218</u>	<u>83</u>	<u>2,951,432</u>	<u>79</u>
	Gross profit	<u>713,185</u>	<u>17</u>	<u>785,867</u>	<u>21</u>
	Operating expenses (Note 6(l, r & w) 7 and 12):				
6100	Selling expenses	204,557	5	200,931	5
6200	Administrative expenses	128,504	3	133,865	4
6300	Research and development expenses	116,966	3	115,565	3
6450	Expected credit impairment loss(gain) (Note 6(d))	<u>164</u>	<u>-</u>	<u>5,618</u>	<u>-</u>
	Total operating expenses	<u>450,191</u>	<u>11</u>	<u>455,979</u>	<u>12</u>
6500	Net other income (expenses) (Note 6(q, x))	<u>3,861</u>	<u>-</u>	<u>4,064</u>	<u>-</u>
	Operating profit	<u>266,855</u>	<u>6</u>	<u>333,952</u>	<u>9</u>
	Non-operating income and expenses (Note 6(c, p & x)):				
7100	Interest income	1,244	-	9,699	-
7010	Other income	28,239	1	15,496	-
7020	Other gains and losses	(19,237)	-	(73,675)	(2)
7050	Finance cost	<u>(9,177)</u>	<u>-</u>	<u>(11,363)</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,069</u>	<u>1</u>	<u>(59,843)</u>	<u>(2)</u>
7900	Profit before income tax	<u>267,924</u>	<u>7</u>	<u>274,109</u>	<u>7</u>
7950	Income tax expense (Note 6(s))	<u>31,389</u>	<u>1</u>	<u>41,113</u>	<u>1</u>
	Profit	<u>236,535</u>	<u>6</u>	<u>232,996</u>	<u>6</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(18,937)	(1)	(1,286)	-
8316	Unrealized losses on investments in equity instruments at fair value through other comprehensive income (Note 6(t))	64,472	1	(20,822)	(1)
8349	Less: Income tax related to items that will not be reclassified subsequently (Note 6(s))	<u>(66)</u>	<u>-</u>	<u>298</u>	<u>-</u>
		<u>45,601</u>	<u>-</u>	<u>(22,406)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation (Note 6(t))	(11,986)	-	(4,143)	-
8399	Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(11,986)</u>	<u>-</u>	<u>(4,143)</u>	<u>-</u>
8300	Other comprehensive income, net	<u>33,615</u>	<u>-</u>	<u>(26,549)</u>	<u>(1)</u>
8500	Comprehensive income	<u><u>270,150</u></u>	<u><u>6</u></u>	<u><u>206,447</u></u>	<u><u>5</u></u>
	Profit (loss) attributable to				
8610	Shareholders of the parent	237,280	6	233,466	6
8620	Non-controlling interests	<u>(745)</u>	<u>-</u>	<u>(470)</u>	<u>-</u>
	Net profit (loss)	<u><u>236,535</u></u>	<u><u>6</u></u>	<u><u>232,996</u></u>	<u><u>6</u></u>
	Comprehensive income attributable to				
8710	Shareholders of the parent	265,906	6	225,514	6
8720	Non-controlling interests	<u>4,244</u>	<u>-</u>	<u>(19,067)</u>	<u>(1)</u>
	Total comprehensive income	<u><u>\$ 270,150</u></u>	<u><u>6</u></u>	<u><u>206,447</u></u>	<u><u>5</u></u>
	Earnings per share (Note 6(u)) (expressed in New Taiwan Dollars)				
9750	Basic earnings per share	<u><u>\$ 1.60</u></u>		<u><u>1.57</u></u>	
9850	Diluted earnings per share	<u><u>\$ 1.59</u></u>		<u><u>1.56</u></u>	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of parent										
	Retained earnings					Other equity interest			Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock			
Balance on January 1, 2020	\$ 1,624,076	4,397	57,015	151,307	330,944	(14,111)	(88,501)	(173,021)	1,892,106	59,875	1,951,981
Profit	-	-	-	-	233,466	-	-	-	233,466	(470)	232,996
Other comprehensive income	-	-	-	-	(1,286)	(4,185)	(2,481)	-	(7,952)	(18,597)	(26,549)
Total comprehensive income	-	-	-	-	232,180	(4,185)	(2,481)	-	225,514	(19,067)	206,447
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	25,733	-	(25,733)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Reversal of special reserve	-	-	-	(48,695)	48,695	-	-	-	-	-	-
Exercise of disgorgement	-	473	-	-	-	-	-	-	473	-	473
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	8,537	-	(8,537)	-	-	-	-
Balance on December 31, 2020	1,624,076	15,423	82,748	102,612	405,734	(18,296)	(99,519)	(173,021)	1,939,757	40,808	1,980,565
Profit	-	-	-	-	237,280	-	-	-	237,280	(745)	236,535
Other comprehensive income	-	-	-	-	(18,937)	(11,702)	59,265	-	28,626	4,989	33,615
Total comprehensive income	-	-	-	-	218,343	(11,702)	59,265	-	265,906	4,244	270,150
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	24,072	-	(24,072)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Special reserve	-	-	-	15,203	(15,203)	-	-	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	34,239	-	(34,239)	-	-	-	-
Return of employee stock ownership trust	-	4	-	-	-	-	-	-	4	-	4
Balance on December 31, 2021	\$ 1,624,076	25,980	106,820	117,815	430,152	(29,998)	(74,493)	(173,021)	2,027,331	45,052	2,072,383

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	2021	2020
Cash flows from (used in) operating activities		
Profit before tax	\$ 267,924	274,109
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	63,675	74,705
Amortization expense	1,249	1,447
Expected credit impairment loss (gain)	164	5,618
Net gain on financial assets or liabilities at fair value through profit or loss	(5,736)	(7,336)
Interest expense	9,177	11,363
Interest income	(1,218)	(9,611)
Dividend income	(27,447)	(9,320)
Gain on disposal of property, plant, equipment	(1,292)	-
Unrealized foreign exchange loss	2,156	33,909
Others	4	-
Total adjustments to reconcile profit	40,732	100,775
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(167,269)	(68,996)
Other accounts receivable	3,695	3,688
Inventories	(187,001)	(71,387)
Other current assets	31,135	(22,263)
Total net changes in operating assets	(319,440)	(158,958)
Net changes in operating liabilities:		
Notes payable	(1,148)	927
Accounts payable	162,309	(28,037)
Other payables	17,082	(4,896)
Other current liabilities	12,697	18,739
Net defined benefit liability	(5,008)	(2,784)
Other non-current liabilities	(208)	(208)
Total net change in operating liabilities	185,724	(16,259)
Total net change in operating assets and liabilities	(133,716)	(175,217)
Total adjustments	(92,984)	(74,442)
Cash inflow generated from (used in) operating activities	174,940	199,667
Interest received	1,525	11,303
Dividends received	27,447	9,287
Interest paid	(10,791)	(10,908)
Income taxes paid	(43,117)	(45,463)
Net cash flows from (used in) operating activities	150,004	163,886
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(339,254)	(101,773)
Proceeds from disposal of financial assets at fair value through other comprehensive income	246,616	80,033
Acquisition of financial assets at fair value through profit or loss	(30,135)	(60,350)
Proceeds from disposal of financial assets at fair value through profit or loss	94,451	62,165
Acquisition of property, plant and equipment	(52,607)	(32,763)
Proceeds from disposal of property, plant, equipment	3,057	-
Acquisition of intangible assets	(824)	(1,780)
Acquisition of investment property	-	(886)
Other financial assets	951	(3,006)
Net cash flows from (used in) investing activities	(77,745)	(58,360)
Cash flows from (used in) financing activities:		
Short-term loans	(700,000)	300,000
Increase in long-term borrowings	400,000	-
Repayments of long-term loans	-	(320,000)
Disgorgement received	-	591
Cash dividends paid	(178,342)	(178,330)
Repayments of lease liabilities	(13,985)	(11,616)
Net cash flows used in financing activities	(492,327)	(209,355)
Effect of exchange rate changes on cash and cash equivalents	(5,907)	(22,092)
Net increase (decrease) in cash and cash equivalents	(425,975)	(125,921)
Cash and cash equivalents at beginning of period	1,242,331	1,368,252
Cash and cash equivalents at end of period	\$ 816,356	1,242,331

See accompanying notes to consolidated financial statements.

ATTACHMENT 5

Emerging Display Technologies Corp. 2021 Profit Distribution Proposal

	Unit: NT\$
Beginning retained earnings	\$177,570,397
Plus: Net income of year 2021	237,280,142
Proceeds from disposal of equity instruments at fair value through other comprehensive income	34,238,450
Reversal of special reserve for equity deduction	13,324,968
Less: Changes of remeasurement of defined benefit plan	(18,937,000)
Retained earnings available for distribution	443,476,957
Less: 10% of legal reserve	(25,258,159)
Distribution item:	
Cash dividend for common share holders (NT\$1.2per share)	(188,889,124)
Unappropriated retained earnings	\$229,329,674

ATTACHMENT 6

Emerging Display Technologies Corp. Amendment to “Articles of Incorporation”

Original Article		Amended Article		Notes
Article 11	Shareholders’ Meetings of the Corporation shall be of the following two kinds: (1) regular meeting of shareholders and (2) special meeting of shareholders. Regular meeting of shareholders shall be held at least once every year and convened within six months after close of each fiscal year by the Board of Directors. Special meeting of shareholders shall be held when necessary. All meetings of shareholders shall be convened in accordance with relevant laws, rules and regulations.	Article 11	Shareholders’ Meetings of the Corporation shall be of the following two kinds: (1) regular meeting of shareholders and (2) special meeting of shareholders. Regular meeting of shareholders shall be held at least once every year and convened within six months after close of each fiscal year by the Board of Directors. Special meeting of shareholders shall be held when necessary. All meetings of shareholders shall be convened in accordance with relevant laws, rules and regulations. <u>Shareholders’ Meetings of the Corporation may be held by means of visual communication network or other methods promulgated by Ministry of Economic Affairs.</u>	In accordance with Paragraph 1 of Article 172-2 of the Company Act.
Article 27	(Above paragraph omitted) The eighteenth Amendment was approved on July 26, 2021.	Article 27	(Above paragraph omitted) The eighteenth Amendment was approved on July 26, 2021. <u>The nineteenth Amendment was approved on June 17, 2022.</u>	Amending the approval date of this amendment agreed by Shareholders’ Meeting.

ATTACHMENT 7

Emerging Display Technologies Corp. Amendment to “Rules of Procedures for Shareholders’ Meeting”

Original Article		Amended Article		Notes
Article 2	Shareholders or their proxies shall attend the Meeting based on attendance certificates and submit the attendance cards for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards by the shareholders. The attendance and voting of the Meeting shall be calculated based on number of shares.	Article 2	Shareholders shall attend the Meeting based on attendance certificates and submit the attendance cards for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards by the shareholders <u>and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.</u> The attendance and voting of the Meeting shall be calculated based on number of shares.	Following 8 March 2022 “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.
Article 3	(Above paragraph omitted) (New paragraph)	Article 3	(Above paragraph omitted) <u>In the event of a virtual Shareholders’ Meeting, shareholders wishing to attend the Meeting online shall register with the Corporation two days before the meeting date.</u>	Following 8 March 2022 “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.
Article 4	The venue for a Meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a Meeting. The Meeting may begin no earlier than 9 a.m. and no later than 3 p.m.	Article 4	The venue for a Meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a Meeting. The Meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>When the Corporation convenes a virtual-only Shareholders’ Meeting, the restrictions on the place of the meeting shall not apply; however, both the chair and secretary shall be in the same location, and the chair shall declare the address of the location when the Meeting is called to order.</u>	Following 8 March 2022 “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.
Article 7	The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year.	Article 7	The process of the Meeting shall be tape recorded <u>and</u> videotaped and these tapes shall be preserved for at least one year. <u>Where the Meeting is held online, the Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the</u>	Following 8 March 2022 “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of TWSE.

Original Article		Amended Article		Notes
			<u>Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. Aforementioned information and audio and video recording shall be properly kept by the Corporation during the entirety of existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u>	
Article 11-1	(New article)	Article 11-1	<u>Where a virtual Shareholders' Meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the Meeting open until the chair declaring the Meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Article 9 to 11 do not apply.</u> <u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u>	Following 8 March 2022 "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.
Article 14	<p>Except as otherwise provided in the Company Act, the adoption of a discussion shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each discussion item, the chairman shall inquiry if there is no one opposed, then the discussion item shall be deemed adopted and the effect is the same as voting. A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares held by the Corporation. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p>	Article 14	<p>Except as otherwise provided in the Company Act, the adoption of a discussion shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. A shareholder shall be entitled to one vote for each share held, except when the shares are <u>restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act</u>. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p>	Revising the text.

Original Article		Amended Article		Notes
Article 15	If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.	Article 15	<p>If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.</p> <p><u>In the event of a virtual Shareholders' Meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Corporation convenes a hybrid Shareholders' Meeting, if shareholders who have registered to attend the Meeting online in accordance with the rules decide to attend the physical Shareholders' Meeting in person, they shall revoke their registration two days before the Meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the Meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the Meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>	Following 8 March 2022 "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of TWSE.

ATTACHMENT 8

Emerging Display Technologies Corp.

Amendment to “Regulations Governing the Acquisition and Disposal of Assets”

Original Article		Amended Article		Notes
Article 6	<p>(Above paragraph omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations. 	Article 6	<p>(Above paragraph omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong and with</u> the following provisions:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that they have complied with applicable laws and regulations. 	<p>Following ruling no. 1110380465 issued by the Financial Supervisory Commission.</p>
Article 7	<p>(Above paragraph omitted)</p> <p>2. Determination process of the transaction terms and the degree of authority delegated:</p> <p>(Below paragraph omitted)</p> <p>C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director</p>	Article 7	<p>(Above paragraph omitted)</p> <p>2. Determination process of the transaction terms and the degree of authority delegated:</p> <p>(Below paragraph omitted)</p> <p>C. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full</p>	<p>In coordination with the establishment of Audit Committee and following ruling no. 1110380465 issued by the Financial</p>

Original Article		Amended Article		Notes
	<p>expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>(Below paragraph omitted)</p> <p>4.Appraisal report: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof 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>A. Where due to special</p>		<p>consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>(Below paragraph omitted)</p> <p>4.Appraisal report: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof 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>A. 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>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for</p>	Supervisory Commission.

Original Article		Amended Article		Notes
	<p>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>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(Below paragraph omitted)</p>		<p>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 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(Below paragraph omitted)</p>	
Article 8	<p>(Above paragraph omitted)</p> <p>2. Determination process of the transaction terms and the degree of authority delegated:</p> <p>(Below paragraph omitted)</p> <p>C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other</p>	Article 8	<p>(Above paragraph omitted)</p> <p>2. Determination process of the transaction terms and the degree of authority delegated:</p> <p>(Below paragraph omitted)</p> <p>C. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of</p>	<p>In coordination with the establishment of Audit Committee and following ruling no. 1110380465 issued by the</p>

Original Article		Amended Article		Notes
	<p>laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>(Below paragraph omitted)</p> <p>4. Appraisal of transaction price: The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No.</p>		<p>directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>(Below paragraph omitted)</p> <p>4. Appraisal of transaction price: The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or any of the following items provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(Below paragraph omitted)</p>	Financial Supervisory Commission.

Original Article		Amended Article		Notes
	<p>20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or any of the following items provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(Below paragraph omitted)</p>			
Article 9	<p>(Above paragraph omitted)</p> <p>2. Appraising and operating procedures: When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a trading counterparty.</p> <p>C. 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, subparagraph A to subparagraph D.</p> <p>D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the</p>	Article 9	<p>(Above paragraph omitted)</p> <p>2. Appraising and operating procedures: When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a trading counterparty.</p> <p>C. 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, subparagraph A to subparagraph D.</p> <p>D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the</p>	<p>In coordination with the establishment of Audit Committee and following ruling no. 1110380465 issued by the Financial Supervisory Commission.</p>

Original Article		Amended Article		Notes
	<p>anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>G.Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and subsidiaries, or between the subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>A.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B.Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any</p>		<p>contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>G.Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>If the company or the subsidiary thereof that is not a domestic public company will have a transaction set out in preceding paragraph and the transaction amount will reach 10 percent or more of the company's total assets, the company shall submit the materials in all the subparagraphs of preceding paragraph to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made.</u></p> <p><u>However, this restriction does not apply to transactions between the company and subsidiaries or between the subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>shareholders' meeting or</u> board of directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and subsidiaries, or between the subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>A.Acquisition or disposal of equipment or right-of-use assets</p>	

Original Article		Amended Article		Notes
	<p>matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>3. Evaluating the reasonableness of the transaction costs: (Below paragraph omitted)</p> <p>E. Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraph A to subparagraph D are uniformly lower than the transaction price, the following steps shall be taken. The company and a public company uses the equity method to account for its investment in the company that has set aside a special reserve under the following description may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>a. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between transaction price of the real property or right-of-use assets thereof and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for</p>		<p>thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>3. Evaluating the reasonableness of the transaction costs: (Below paragraph omitted)</p> <p>E. Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraph A to subparagraph D are uniformly lower than the transaction price, the following steps shall be taken. The company and a public company uses the equity method to account for its investment in the company that has set aside a special reserve under the following description may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>a. A special reserve shall be set aside in accordance with Article</p>	

Original Article		Amended Article		Notes
	<p>under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.</p> <p>b. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the independent director members of the audit committee shall also comply with Article 218 of the Company Act.</p> <p>c. Actions taken pursuant to a. and b. of subparagraph E 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>(Below paragraph omitted)</p>		<p>41, paragraph 1 of the Act against the difference between transaction price of the real property or right-of-use assets thereof and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.</p> <p>b. The independent director members of the audit committee shall comply with Article 218 of the Company Act.</p> <p>c. Actions taken pursuant to a. and b. of subparagraph E 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>(Below paragraph omitted)</p>	
Article 10	<p>(Above paragraph omitted)</p> <p>2. Determination process of the transaction terms and the degree of authority delegated:</p> <p>(Below paragraph omitted)</p> <p>C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent</p>	Article 10	<p>(Above paragraph omitted)</p> <p>2. Determination process of the transaction terms and the degree of authority delegated:</p> <p>(Below paragraph omitted)</p> <p>C. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>(Below paragraph omitted)</p> <p>4. Appraisal report:</p>	<p>In coordination with the establishment of Audit Committee and following ruling no. 1110380465 issued by the Financial Supervisory Commission.</p>

Original Article		Amended Article		Notes
	<p>director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.</p> <p>(Below paragraph omitted)</p> <p>4. Appraisal report:</p> <p>A. Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>(Below paragraph omitted)</p>		<p>A. Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>(Below paragraph omitted)</p>	
Article 12	<p>(Above paragraph omitted)</p> <p>5. Internal audit system:</p> <p>(Below paragraph omitted)</p> <p>D. Implementation of internal audit:</p> <p>a. Internal auditor shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p> <p>Where independent directors have been appointed in accordance with the provisions of</p>	Article 12	<p>(Above paragraph omitted)</p> <p>5. Internal audit system:</p> <p>(Below paragraph omitted)</p> <p>D. Implementation of internal audit:</p> <p>a. Internal auditor shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all <u>audit committee members</u> shall be notified in writing.</p> <p>b. Filing a report on the implementation of audit mentioned in a. within two</p>	In coordination with the establishment of Audit Committee.

Original Article		Amended Article		Notes
	<p>the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where an audit committee has been established in accordance with the provisions of the Act, the provisions of preceding paragraph relating to supervisors shall apply mutatis mutandis to the audit committee.</p> <p>b. Filing a report on the implementation of audit mentioned in a. within two months from the end of each fiscal year.</p> <p>c. Filing a report on the status of corrections of any irregularities mentioned in a. within five months from the end of each fiscal year.</p> <p>(Below paragraph omitted)</p>		<p>months from the end of each fiscal year.</p> <p>c. Filing a report on the status of corrections of any irregularities mentioned in a. within five months from the end of each fiscal year.</p> <p>(Below paragraph omitted)</p>	
Article 14	<p>(Above paragraph omitted)</p> <p>1. The following circumstances shall be publicly announced:</p> <p>(Below paragraph omitted)</p> <p>G. 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 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds.</p> <p>b. 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</p>	Article 14	<p>(Above paragraph omitted)</p> <p>1. The following circumstances shall be publicly announced:</p> <p>(Below paragraph omitted)</p> <p>G. 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 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>b. 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, <u>or subscription or redemption of exchange traded notes,</u> or subscription by a</p>	Following ruling no. 1110380465 issued by the Financial Supervisory Commission.

Original Article		Amended Article		Notes
	<p>accordance with the rules of the GTSM.</p> <p>c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Below paragraph omitted)</p>		<p>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 GTSM.</p> <p>c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Below paragraph omitted)</p>	
Article 18	<p>With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under these Regulations or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when these Regulations are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, when these Regulations are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number</p>	Article 18	<p>When these Regulations are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When these Regulations are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" in paragraph 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	In coordination with the establishment of Audit Committee.

Original Article		Amended Article		Notes
	of persons currently holding those positions.			
Article 19	In regard to all matters not provided for in these Regulations, relevant laws and regulations shall govern. After these Regulations have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. (Below paragraph omitted) The tenth amendment was approved on June 4, 2019.	Article 19	In regard to all matters not provided for in these Regulations, relevant laws and regulations shall govern. After these Regulations have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the procedures are amended. (Below paragraph omitted) The tenth amendment was approved on June 4, 2019. <u>The eleventh amendment was approved on June 17, 2022.</u>	In coordination with the establishment of Audit Committee and amending the approval date of this amendment agreed by Shareholders' Meeting.

APPENDIX 1

Emerging Display Technologies Corp. Rules of Procedures for Shareholders' Meeting

Article 1

Shareholders' Meeting of the Corporation (the "Meeting") shall be conducted in accordance with these Rules of Procedures (the "Rules").

Article 2

Shareholders or their proxies shall attend the Meeting based on attendance certificates and submit the attendance cards for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards by the shareholders. The attendance and voting of the Meeting shall be calculated based on number of shares.

Article 3

The Chairman shall call the Meeting to order when the number of shares represented by shareholders exceeded half of total outstanding shares. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the Chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most. If after two postponements no quorum can yet be constituted but the shareholder present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Article 175 of the Company Act. The Chairman may announce the Meeting at any time and submit the tentative resolutions to the Meeting for approval if the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum during the process of the Meeting.

Article 4

The venue for a Meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a Meeting. The Meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5

The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the chairman should designate one of Directors to preside at the Meeting. Where the Chairman doesn't designate a proxy, Directors may elect a person among themselves to act on behalf of Chairman. When the Meeting is convened by other persons who have the convening right, the Meeting shall be presided by the convener. If there are over two conveners,

they shall elect one as chairman. In the event that the chairman adjourns the Meeting in violation of these Rules, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting. After the adjournment of the Meeting, the shareholders may not elect a chairman to continue the Meeting at the original address or at another location.

Article 6

The Corporation may appoint designated counsel, CPA, or other related persons to attend the Meeting and answer related questions. Persons handling affairs of the Meeting shall wear identification cards or badges.

Article 7

The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year.

Article 8

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (include special motions) listed in the agenda are resolved. After the adjournment of the Meeting, the shareholders may not elect a chairman to continue the Meeting at the original address or at another location.

Article 9

When a shareholder present at the Meeting wishes to speak, a Speech Note shall be filled out with summary of the speech, the shareholder's number and name. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder present at the Meeting submit a Speech Note but does not speak, no speech shall be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 10

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than twice and each time not exceeding 5 minutes. In case of speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 11

A corporate shareholder can only designated one representative to attend the Meeting. If a corporate shareholder designated two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 12

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 13

The chairman may announce to end the discussion of any resolution and go into voting if the chairman deems it appropriate.

Article 14

Except as otherwise provided in the Company Act, the adoption of a discussion shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each discussion item, the chairman shall inquiry if there is no one opposed, then the discussion item shall be deemed adopted and the effect is the same as voting. A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares held by the Corporation. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 15

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 16

The persons to check and the persons to record the ballots during a vote by casting ballots shall be appointed by the chairman. The persons checking the ballots shall be a shareholder. The result of voting shall be announced at the Meeting and placed on record.

Article 17

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers".

Article 18

When a Meeting is in progress, the chairman may announce a break based on time considerations.

Article 19

Any matter not provided in these Rules shall be handled in accordance with the Company Act or Articles of Incorporation of the Corporation.

Article 20

These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meeting.

APPENDIX 2

Emerging Display Technologies Corp. Articles of Incorporation

Chapter 1: General Provisions

Article 1

Under the Company Act, the name of the Corporation shall be Emerging Display Technologies Corporation.

Article 2

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

1. CC01080 - Electronic Parts and Components Manufacturing
2. CC01110 - Computer and Peripherals Manufacturing
3. F119010 - Electronic Materials Wholesale
4. ZZ99999 - In addition to licensed business activities, the Corporation may conduct business that is neither prohibited nor restricted by law.

Article 3

The Corporation shall have its headquarters in Kaohsiung City, and shall be free, with the resolution of the Board of Directors, to set up branch offices at various locations in Taiwan and abroad when necessary.

Article 4

Public announcements of the Corporation shall be made in accordance with regulations in Article 28 of the Company Act.

Chapter 2: Stock Shares

Article 5

The total capital stock of the Corporation shall be in the amount of 3,500,000,000 New Taiwan Dollars, divided into 350,000,000 shares, with the par value at 10 New Taiwan Dollars each share. The Board of Directors shall be authorized to distribute the shares in installments. The Corporation may issue employee stock options. A total of 10,500,000 shares among the total capital stock should be reserved for issuing employee stock options. Transfer of shares to employees by the Corporation at a price lower than average of actual price brought back shall be adopted by a large majority representing two thirds of the votes at the Shareholders' Meeting attended by shareholders representing a majority of the total number of issued shares.

Article 6

The total amount of the Corporation reinvestment shall not be subjected to the restriction of forty percent or less of the Corporation's paid-up capital as regulated in Article 13 of the Company Act.

Article 7

The share certificates of the Corporation shall all be registered that are affixed with the signatures or personal seals of the director representing the Corporation and legally certified before issuance thereof. For the shares to be issued to the public, the Corporation may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody enterprise/institution to make recordation of the issue of such shares.

Article 8

Shareholders who wish to assign their shares shall fill out an application, which is signed respectively by assignor and assignee, and apply for assignment with the Corporation. Assignment of shares shall not be set up as a defence against the Corporation, unless the assignee has been recorded in the shareholders' roster.

Article 9

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular Shareholders' Meeting, or within 30 days prior to the convening date of a special Shareholders' Meeting, or within 5 days prior to the target date fixed by the Corporation for distribution of dividends, bonus or other benefits.

Article 10

Stock transactions of the Corporation shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" imposed by the competent authority.

Chapter 3: Shareholders' Meeting

Article 11

Shareholders' Meetings of the Corporation shall be of the following two kinds: (1) regular meeting of shareholders and (2) special meeting of shareholders. Regular meeting of shareholders shall be held at least once every year and convened within six months after close of each fiscal year by the Board of Directors. Special meeting of shareholders shall be held when necessary. All meetings of shareholders shall be convened in accordance with relevant laws, rules and regulations.

Article 12

A shareholder may appoint a proxy to attend the Shareholders' Meeting in his/her/its behalf by executing a power of attorney printed by the Corporation stating therein the scope of power authorized to the proxy if he/she/it is unable to attend.

Article 13

Except in the circumstances set forth in Article 179 of the Company Act which there is no right to vote, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 14

Resolutions at the Shareholders' Meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Chapter 4: Directors and Audit Committee

Article 15

The Corporation shall have seven to nine directors who shall be elected by the Shareholders' Meeting from among the persons with disposing capacity. The term of office of a director and a supervisor shall be three years and eligible for re-election. The total number of shares held by all directors shall respectively be no less than the percentage regulated by the competent authority.

The election of directors shall adopt a candidates nomination system as specified in Article 192-1 of the Company Act. Accepting the nomination of director candidates, announcement to the public, and related issues shall comply with the relevant regulations of the Company Act and the Securities and Exchange Act. The election of independent directors and non-independent directors shall be held together. The number of independent directors and non-independent directors elected shall be calculated separately.

Independent directors must be not less than three in number and not less than one-fifth of the total number of directors in the aforesaid number of directors. The election of independent directors shall adopt a candidates nomination system. The independent directors shall be elected from among a list of nominated candidates in the Shareholders' Meeting. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.

Article 16

The Board of Directors shall be organized by the directors and elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the Board of Directors shall externally represent the Corporation. The Board of Directors shall be authorized to determine the remuneration for directors, taking in account the standards of related listed companies, business operation of the Corporation, and the value of the services provided.

Article 17

The chairman of the Board of Directors shall manage affairs of the Corporation in accordance with the law, these Articles of Incorporation, and the resolutions of Shareholders' Meeting as well as the Board of Directors. In case the chairman of the Board of Directors can not exercise his power and authority for any cause, the proxy shall act according to Article 208 of the Company Act.

Article 18

The meeting of the Board of Directors shall be held at least once every quarter, and may be convened, at any time, in cases of necessity. Unless otherwise provided for in the Company Act and these Articles of Incorporation, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case a director cannot attend a meeting of the Board of Directors for any cause, he/she shall appoint another director to in his/her behalf by issuing a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Notices for the meeting of the Board of Directors shall be sent via written form, fax, or E-mail.

Article 19

The Corporation shall establish an audit committee in accordance with regulations in Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors, and its members, exercise of powers and other compliance requirements shall be handled in accordance with the relevant laws and regulations. Further, the audit committee charter shall be adopted by the Board of Directors.

Article 19-1

The Corporation may purchase liability insurance for the legal compensation liabilities of directors on the execution of business within their term of office.

Chapter 5: Managerial Personnel

Article 20

The Corporation may employ a certain number of managerial personnel. The appointment, discharge and the remuneration of managerial personnel shall be in accordance with Article 29 of the Company Act. The remuneration of managerial personnel shall take into account the standards of related listed companies in the industry, business operation of the Corporation, and the value of the services provided.

Chapter 6: Accounting

Article 21

The Board of Directors shall prepare the following reports at the end of each fiscal year and submit to the Shareholders' Meeting for ratification.

1. Annual business report,
2. Financial statements,
3. Surplus earnings distribution or loss make-up proposal.

Article 22

The Corporation is at the steady growth stage of its business development. Residual dividend policy shall be adopted for dividend distribution of the Corporation, taking into consideration the future capital budget plans and operational capital needs of the Corporation, as well as the extent of dilution on earnings per share and influence upon return on equity. Hence, future distribution of earnings shall be made priority by way of cash dividend over stock dividend, provided the ratio for cash dividend shall be 50 percent or more of the total annual distribution.

Article 22-1

When there is profit for the current year, the Corporation shall allocate 5 percent or more as employees' compensation and 3 percent or less as remuneration for directors. However, the Corporation's accumulated losses shall have been covered.

Qualification requirements of employees, including the employees of subsidiaries of the Corporation meeting certain specific requirements, may be entitled to receive shares or cash for above employees' compensation.

Article 23

The Corporation, when allocating the surplus profits after having paid all taxes and dues and covered accumulated losses, shall first set aside legal reserve and special reserve in accordance with relevant laws, rules and regulations. The said special reserve shall require to be reversed before distribution of earnings. If there is a remaining balance, the Board of Directors shall propose an earning distribution plan which distribution amount is no more than 80 percent of retained earnings available for distribution for the current year, then submit it to the Shareholders' Meeting for concurrence.

Article 23-1

The Corporation, in accordance with paragraph 5 of Article 240 of the Company Act, authorizes the distributable dividends and bonuses or legal reserve and special reserve stipulated in paragraph 1 of Article 241 of the Company Act in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

Chapter 7: Supplemental Provisions

Article 24

Owing to business purpose, the Corporation may make endorsements/guarantees for others.

Article 25

The internal organizational regulations of the Corporation and the details of business operation shall be determined separately by the Board of Directors.

Article 26

In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other rules and regulations shall govern.

Article 27

These Articles of Incorporation are agreed to on September 14, 1994.

The first Amendment was approved on December 5, 1996.

The second Amendment was approved on October 20, 1997.

The third Amendment was approved on December 29, 1997.

The fourth Amendment was approved on May 28, 1998.

The fifth Amendment was approved on May 27, 1999.

The sixth Amendment was approved on May 23, 2000.

The seventh Amendment was approved on June 12, 2001.

The eighth Amendment was approved on June 13, 2002.

The ninth Amendment was approved on May 27, 2004.

The tenth Amendment was approved on May 31, 2005.

The eleventh Amendment was approved on June 8, 2006.

The twelfth Amendment was approved on June 11, 2007.

The thirteenth Amendment was approved on June 10, 2009.

The fourteenth Amendment was approved on June 6, 2012.

The fifteenth Amendment was approved on June 11, 2014.

The sixteenth Amendment was approved on June 7, 2016.

The seventeenth Amendment was approved on June 12, 2020.

The eighteenth Amendment was approved on July 26, 2021.

APPENDIX 3

Emerging Display Technologies Corp. Regulations Governing the Acquisition and Disposal of Assets

Article 1

The company adopts the Regulations Governing the Acquisition and Disposal of Assets (hereinafter "these Regulations") to secure assets and implement information disclosure.

Article 2

These Regulations are adopted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and relevant laws.

Article 3

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

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

Article 4

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5

Investment quota of real property and right-of-use assets thereof that is not for business use and securities:

1. Total amounts of real property and right-of-use assets thereof that is not for business use shall not exceed 50 percent of equities.
2. Total amounts of securities shall not exceed 100 percent of equities.
3. The amount of individual securities shall not exceed 25 percent of equities.

Article 6

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

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

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7

The procedures of acquisition or disposal of real property, equipment, or right-of-use assets thereof:

1. Appraising and operating procedures: The company shall follow internal control procedure – property, plant and equipment cycle to acquire or dispose real property, equipment, or right-of-use assets thereof.
2. Determination process of the transaction terms and the degree of authority delegated:
 - A. For acquisition or disposal of real property, the company shall refer to publicly announced current value, assessed value or actual transaction price of real property nearby to determine trade terms and price then report to chairman. The transaction shall be approved following the authority regulation where its amount reaches NT\$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
 - B. For acquisition or disposal of equipment or right-of-use assets thereof, the company shall perform one of price inquiry, price comparison, price bargain or tender. The transaction shall be approved following the authority regulation where its amount reaches NT\$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
 - C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.

3. The units responsible for implementation: The transaction shall be implemented by using department and administration department after approval.
4. Appraisal report: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof 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:
 - D. 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.
 - E. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - F. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - c. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - d. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - G. 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.
 - H. 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.
 - I. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 8

The procedures of acquisition or disposal of securities:

1. Appraising and operating procedures: The company shall follow internal control procedure – investment cycle to acquire or dispose securities.

- 2.Determination process of the transaction terms and the degree of authority delegated:
- A.For acquisition or disposal of securities on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM), the company shall analyze and make decision based on the market status by responsible units. The transaction shall be approved following the authority regulation where its amount reaches NT\$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
 - B.For acquisition or disposal of securities bypassing the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM), the company shall consider the book value per share, profitability, future development potential and so on. The transaction shall be approved following the authority regulation where its amount reaches NT\$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
 - C.With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.
- 3.The units responsible for implementation: The transaction shall be implemented by finance department after approval.
- 4.Appraisal of transaction price: The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or any of the following items provided by regulations of the Financial Supervisory Commission (FSC).
- A.Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with laws, and the rights represented by those securities equal the percentage of contribution.
 - B.Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the company as a sponsor of the issue.

- C. Securities issued by an investee company in which the company directly or indirectly holds 100 percent that is carrying out a cash capital increase, with the company as a sponsor of the issue. Or subsidiaries in which the company holds 100 percent that is carrying out a cash capital increase, with another 100 percent held subsidiaries as a sponsor of the issue.
- D. Securities listed and traded on the TWSE or on the GTSM and emerging stocks.
- E. Domestic government bonds or bonds in repurchase or reverse purchase agreements.
- F. Public placement funds.
- G. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
- H. Securities acquired through the company's sponsorship of a cash capital increase by a domestic public company, or subscription of domestic corporate bonds (include financial bonds), when the securities acquired are not privately placed.
- I. Subscription to domestic private placement funds before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.
- J. Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 9

The procedures of related party transactions:

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 7, 8, 10 and this article. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2.Appraising and operating procedures: When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- A.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- B.The reason for choosing the related party as a trading counterparty.
- C.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, subparagraph A to subparagraph D.
- D.The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- E.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.
- F.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.
- G.Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

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

- A.Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - B.Acquisition or disposal of real property right-of-use assets held for business use.
- Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.

3. Evaluating the reasonableness of the transaction costs:

- A. The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
- a. 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.
 - b. 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 trading counterparties.
- B. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in subparagraph A.
- C. The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with subparagraph A and subparagraph B shall also engage a CPA to check the appraisal and render a specific opinion.
- D. When the results of the company's appraisal conducted in accordance with subparagraph A and subparagraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph E. 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:
- a. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - Where undeveloped land is appraised in accordance with the means in subparagraph A to subparagraph C, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - 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.

- b. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- E. Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraph A to subparagraph D are uniformly lower than the transaction price, the following steps shall be taken. The company and a public company uses the equity method to account for its investment in the company that has set aside a special reserve under the following description may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- a. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between transaction price of the real property or right-of-use assets thereof and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.
- b. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the independent director members of the audit committee shall also comply with Article 218 of the Company Act.
- c. Actions taken pursuant to a. and b. of subparagraph E shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- F. Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and paragraph 2, but shall not apply paragraph 3, subparagraph A to subparagraph C:
- a. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- b. 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.
- c. 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.

- d. The real property right-of-use assets for business use are acquired by the company with subsidiaries, or by subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- G. When the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with paragraph 3, subparagraph E if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10

The procedures of acquisition or disposal of intangible assets or right-of-use assets thereof or memberships:

1. Appraising and operating procedures: The company shall follow internal control procedure – purchase and payment cycle or investment cycle to acquire or dispose intangible assets or right-of-use assets thereof or memberships.
2. Determination process of the transaction terms and the degree of authority delegated:
 - A. For acquisition or disposal of memberships, the company shall refer to fair value to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT\$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
 - B. For acquisition or disposal of intangible assets or right-of-use assets thereof, the company shall refer to fair value or appraisal report issued by a specialist to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT\$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
 - C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.
3. The units responsible for implementation: The transaction shall be implemented by using department and finance department or administration department after approval.
4. Appraisal report:
 - A. Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

B. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11

In principle, the company shall not acquire or dispose of claims of financial institutions. The company will submit to the board of directors for a resolution then adopt the appraising and operating procedures if the company starts to implement these transactions in the future.

Article 12

The procedures of acquisition or disposal of derivatives:

1. Trading principles and strategies:

- A. The types of derivatives that may be traded: The company may engage in forward contracts, options contracts, swap contracts of interest rates or foreign exchange rates, compound contracts combining the above products and so on.
- B. Operating (hedging) strategy: The purpose of the company engages in derivatives trading is for hedging or for non-hedging (i.e. trading). The main strategy shall be to choose those derivatives that can avoid risk of revenue, expenses, assets or liabilities in foreign currency bringing from the company's business so as to avoid operation risk. The company may engage in non-hedging transactions in an appropriate timing to expect to increase non-operating revenue or decrease non-operating expenses in case of changing circumstances. The transactions shall be defined as for hedging or financial measures to pursue investment revenue in advance for the sake of accounting.
- C. Segregation of duties: The derivatives trading shall be appraised and judged by persons who quite know the content of every derivative and determined by authorized director and chairman in coordination with the actual need for operation.
- D. Essentials of performance evaluation: The assigned persons shall evaluate and review operating performance periodically to prepare a written evaluation report then submit it to authorized director and chairman.
- E. Total amount of derivatives contracts that may be traded: Total amount of remaining derivatives contracts shall not exceed 30 percent of the company's total assets.
- F. The maximum loss limit on total trading and for individual contracts: The maximum loss on the amount of remaining derivatives is 10 percent of the amount of derivatives contracts, and the limit applies single trading and total trading.

2. Operating procedures:

- A. Finance department that is responsible for derivatives trading shall fill out and submit "Suggestion Form for Derivatives Trading" to chairman for approval, then report to the soonest meeting of the board of directors.
- B. The dealers shall deliver trading documents or contracts to accounting for recording.
- C. The accounting shall check in time if total amount of remaining derivatives contracts exceed total amount of derivatives contracts that may be traded prescribed in these Regulations.

- D. Each transaction shall be listed type, amount, exchange rate, counterparty, expiry date and so on by items then submit to director of finance department for review.
 - E. Finance department shall establish a log book including the following details:
 - a. The types and amounts of derivatives trading engaged in, and board of directors approval dates.
 - b. Periodical evaluation report of derivatives trading positions held.
 - c. Whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
 - d. Whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Regulations.
 - F. The dealers shall evaluate trading performance according to prices of every derivatives trading and exchange rate provided by banks in time, and submit to director of finance department for review; also, quarterly evaluate trading performance according to fair value to disclose in the financial statements.
3. Accounting policy: The accounting policy of derivatives trading is in accordance with International Financial Reporting Standards (IFRS) and relevant laws to fairly present trading process and economical effect by complete accounting books, documents and records.
4. Risk management measures:
- A. The scope of risk management:
 - a. Credit risk: Credit risk shall be controlled by restricting the counterparties that the company deals with to those who have banking relationship with the company and can provide sufficient information.
 - b. Market price risk: Due to the uncertain losses from market price fluctuation of derivatives in the future, the company shall continuously review positions held and report to authorized personnel if the losses exceed the stop loss point.
 - c. Liquidity risk: Liquidity risk shall be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
 - d. Operating risk: Delegation systems and operating procedures set forth herein are employed to control operating risk.
 - e. Legal risk: Any trading documents shall be reviewed by director of finance department then submitted to general manager and chairman for approval to control legal risk.
 - f. Cash flow risk: Finance department shall strictly follow the delegation systems and pay attention to cash flows of the company to meet the cash settlement requirement.
 - B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - C. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
 - D. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to chairman authorized by the board of directors.

5. Internal audit system:

A. The purpose of internal audit: Internal audit is to assist the director of each unit to understand the effectiveness of their subordinate, to check if all operations are in accordance with relevant laws and the company's internal regulations, and to provide suggestions for improvements so as to enhance management performance.

B. Duties of internal auditor:

- a. Operational audit on a regular basis.
- b. Examination for unusual changes and particular situations on an irregular basis.
- c. Evaluating internal management control procedures.
- d. Confirmation of acquiring proper accounting records.
- e. Understanding of the operation efficiency of each unit.
- f. Submitting relevant reports and suggestions.

C. Monthly audit for derivatives trading:

- a. Management of opening new account and accounts in existence.
- b. Trading cycle.
- c. Management of cash deposit.
- d. Management of settlement.
- e. Management of computer operation and information.
- f. Operation of accounting.
- g. Operation of finance and cashier.

D. Implementation of internal audit:

- a. Internal auditor shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where an audit committee has been established in accordance with the provisions of the Act, the provisions of preceding paragraph relating to supervisors shall apply mutatis mutandis to the audit committee.

- b. Filing a report on the implementation of audit mentioned in a. within two months from the end of each fiscal year.
- c. Filing a report on the status of corrections of any irregularities mentioned in a. within five months from the end of each fiscal year.

6. Regular evaluation methods and the handling of irregular circumstances:

A. The director of finance department shall pay continuous attention to monitoring and controlling derivatives trading risk, and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

B. The director of finance department shall periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Regulations.

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

Article 13

The procedures of conducting a merger, demerger, acquisition, or transfer of shares:

1.Appraising and operating procedures:

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

B.The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in subparagraph A when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2.Other requirements:

A.A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

- b. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- c. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in a. and b. of this subparagraph to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company, prepare and retain full record, and report the information to the FSC for recordation in accordance with preceding requirements.

- B. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- C. Prior to convening the board of directors to resolve on the matter, the companies participating in a merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. Moreover, they may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - a. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - b. An action, such as a disposal of major assets that affects the company's financial operations.
 - c. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
 - d. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - e. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - f. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- D. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- a. Handling of breach of contract.
 - b. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - c. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - d. The manner of handling changes in the number of participating entities or companies.
 - e. Preliminary progress schedule for plan execution, and anticipated completion date.
 - f. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- E. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- F. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraph A, subparagraph B, and subparagraph E.

Article 14

The procedures of public disclosure of information:

1. The following circumstances shall be publicly announced:

- A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- B. Merger, demerger, acquisition, or transfer of shares.
- C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more. The preceding transaction amount will be raised to NT\$1 billion or more when paid-in capital of the company reaches NT10 billion.

- E. Acquisition or disposal by the company in the construction business of real property or right-of-use assets thereof for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the 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 be a transaction amount reaching NT\$1 billion or more.
- F. 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.
- G. 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 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
- a. Trading of domestic government bonds.
 - b. 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 GTSM.
 - c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- H. The amount of transactions above shall be calculated as follows, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- a. The amount of any individual transaction.
 - b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 - c. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
 - d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. The prescription of publicly announcing and reporting: Under any of the circumstances in paragraph 1, the company acquiring or disposing of assets shall publicly announce and report the relevant information in the appropriate format as prescribed by regulations on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event.

- 3.The procedures of publicly announcing and reporting: Public announcement and regulatory filing procedures:
- A.The company shall publicly announce and report the relevant information on the FSC's designated website.
 - B.The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 - C.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 2 days counting inclusively from the date of knowing of such error or omission.
 - D.The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
 - E.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 paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - a.Change, termination, or rescission of a contract signed in regard to the original transaction.
 - b.The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - c.Change to the originally publicly announced and reported information.
- 4.Format of publicly announcement: In accordance with regulations of the FSC.

Article 15

Control procedures for the acquisition and disposal of assets by subsidiaries:

- 1.The subsidiary shall follow these Regulations for the acquisition and disposal of assets.
- 2.Information required to be publicly announced and reported in accordance with the provisions of Article 14 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the company.
- 3.The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.

Article 16

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 17

The company shall follow personnel management regulations and employee manual to periodically assess and punish personnel violating these Regulations in accordance with the seriousness of the case.

Article 18

With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under these Regulations or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when these Regulations are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, when these Regulations are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

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

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

Article 19

In regard to all matters not provided for in these Regulations, relevant laws and regulations shall govern. After these Regulations have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended.

These Regulations have been passed by the board of directors on May 8, 1998.

The first amendment was approved on November 17, 1999.

The second amendment was approved on March 25, 2003.

The third amendment was approved on March 21, 2006.

The fourth amendment was approved on December 21, 2006.

The fifth amendment was approved on March 15, 2007.

The sixth amendment was approved on June 6, 2012.

The seventh amendment was approved on June 11, 2014.

The eighth amendment was approved on June 8, 2017.

The ninth amendment was approved on June 12, 2018.

The tenth amendment was approved on June 4, 2019.

APPENDIX 4

Emerging Display Technologies Corp.

Shareholdings of All Directors

Record date: April 19, 2022

Title	Name	Current Shareholding	
		Shares	Percentage
Chairman	Tseng, Jui-Ming	11,043,723	7.02%
Director	Wang, Tai-Kuang	1,666,487	1.06%
Director	Hsieh, Hui-Tai	6,301,867	4.00%
Director	Yu, Cheng-Chung	1,002,000	0.64%
Director	Ying Dar Investment Development Corp. Representative: Huang, Hsiu-Wen	5,346,672	3.40%
Director	Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	3,447,716	2.19%
Independent Director	Huang, Hui-Ling	0	0.00%
Independent Director	Li, Chi-Cheng	0	0.00%
Independent Director	Huang, Fu-Di	0	0.00%
Total Directors' shareholdings		28,808,465	18.31%

Note:

1. Total shares issued as of April 19, 2022: 162,407,603 common shares.
2. In accordance with Article 26 of the Securities and Exchange Act, the total shareholdings of Directors should not less than 9,744,456 shares.
3. As **edt** has established the Audit Committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for supervisors do not apply.
4. Based on Article 2 of the Rules and Review Procedures for Directors and Supervisors Share Ownership Ratio at Public Companies, **edt** had elected three independent directors, the minimum shareholding for all directors and supervisors other than the independent directors shall be decreased by 20 percent.