

Stock No.: 3611

TSC TSC Auto ID Technology Co., Ltd.
The Smarter Choice.

Handbook for the 2022 Annual Meeting of shareholders

Time: 09:00 a.m., June 17, 2022

Address: No. 35, Sec. 2, Ligong 1st Rd., Chengxing Village, Wujie Township, Yilan
County (Non-virtual Meeting)

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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One. Meeting Procedures

TSC Auto ID Technology Co., Ltd.

Procedures of the 2022 Regular Shareholders' Meeting

I. Call Meeting to Order

II. Chairperson's Address

III. Report Items

IV. Matters for Ratification Proposals

V. Discussion Items

VI. Election

VII. Other Items

VIII. Extemporaneous Motions

IX. Adjournment

Two. Meeting Procedures

TSC Auto ID Technology Co., Ltd. Agenda of the 2022 Regular Shareholders' Meeting

Time: 09:00 a.m., June 17, 2022

Location: No. 35, Sec. 2, Ligong 1st Rd., Chengxing Village, Wujie Township, Yilan County (Yilan Factory)

Chair: Wang Shiu Ting, Chairman

Attendance: (Reported number of shares in attendance)

Agenda:

I. Call Meeting to Order

II. Chairperson's Address

III. Report Items

(I) 2021 Business Report

(II) Audit Committee's Review Report

(III) Report on the Compensation Distribution for Employees and Directors for 2021

(IV) Amendments to the "Corporate Social Responsibility Code of Conduct" of the Company

IV. Matters for Ratification Proposals

(I) Acknowledgment of the Company's 2021 business report and financial statements

(II) Acknowledgment of the Company's 2021 earnings appropriation

V. Discussion Items

(I) Amendments to the "Articles of Incorporation" of the Company

(II) Amendments to the "Procedures for Acquisition and Disposal of Assets" of the Company.

VI. Election: Director Election

VII. Other Items: The release of non-competition restrictions for the Company's directors

VIII. Extemporaneous Motions

IX. Adjournment

I. Report Items

I. The Company's Business Report for 2021.

The economy has recovered rapidly worldwide as we enter into the post-epidemic era in 2021, but the industrial supply chain has not been able to keep up with the demand, resulting in the material supply crisis. Moreover, the global transportation capacity shortage and port congestion have led to a surge in freight rates and container prices. But the Company adjusted its production capacity in a timely manner and increased its flexibility in product scheduling and configuration to respond to market demand quickly. Thus, the year of 2021 has been the most challenging and also a profitable year for the Company. Please refer to the following report of the Company's 2021 business results, a summary of the 2022 business plan, and descriptions of the Company's development strategy, external competitive environment, regulatory environment, and the macroeconomic environment:

I. 2021 business report: (based on the data shown in consolidated financial statements)

(I) Results of the 2021 business plan:

Unit: NT\$ thousand

Item	2021	2020	Increase (decrease) %
	Amount	Amount	
Net operating revenues	6,848,808	5,683,808	20%
Gross profits	2,275,377	2,022,823	12%
Operating profits	1,050,230	917,306	14%
Profits before tax	1,082,903	943,489	15%
Net income for the period	784,486	715,352	10%
Total comprehensive income for the period	946,510	802,177	18%
Basic EPS (NT\$)	18.47	16.84	10%

(II) 2021 budget execution: The Company did not produce a financial forecast for 2021, and hence is not required to disclose the budget execution.

(III) Revenues, expenses, and profitability analysis:

Unit: NT\$ thousand

Item	Year	2021	2020
Profit and loss	Operating profits	1,050,230	917,306
	Net non-operating income (expense)	32,673	26,183
	Profits before tax	1,082,903	943,489
	Net income	784,486	715,352
	Total comprehensive income for the period	946,510	802,177
Profitability	Return on assets (%)	11	11
	Return on shareholders' equity (%)	21	21

Item	Year		2021	2020
	As a percentage of paid-in capital (%)	Operating profit		247
Pre-tax profit			255	222
Net profit margin (%)		11	13	
Earnings per share (NT\$)		18.47	16.84	

(IV) Research and development:

In light of increases in auto-ID applications around the world, the Company spent a total of NT\$212,892 thousand on research and development in 2021, which represented 3% of annual revenues. These expenses have been used to support research and development of next-generation products and new applications, register new patents, and finance capital spending on label production in order to launch new product for improved competitiveness and to create opportunities for the continued growth of the Company's revenues.

II. Summary of the 2022 business plan

(I) Operational guidelines

The Company will launch new products to secure the existing market, continue to develop complete hardware and software solutions for customers, expand marketing channels to cover the entirety of its product lines from low-, medium-, to high-end. In addition, the Company aims to grow its proprietary brand in various parts of the world and introduce smart services to the auto-ID system and providing customers with a more complete application service network to create diversified value for our customers while at the same time focusing on the upstream and downstream investment strategies to create new opportunities for the Company to grow.

(II) Sales forecast and key production/sales policies

The revenue of the Company is mainly from the sales of Auto-ID printers, services and consumables for labels. The estimated sales volume for 2022 is as follows:

Unit: thousand pieces

Product category	Projected sales volume - 2022	Actual sales volume - 2021
Auto-ID printers	800	700

The Company's production and sales policies, based on the aforementioned forecast, will be focusing on the key points below:

1. Ensuring the availability and quality of supplies from suppliers, and maintaining an adequate inventory level and turnover rate.
2. Enhancing distribution training in all regions for improved sales performance.
3. Continuing development of emerging and mature markets.

III. Future development strategies, impacts of the external competitive environment, regulatory environment, and the overall business environment

(I) Future development strategies

The Company will continue marketing products under its proprietary brand and will strive to increase market share, raise competitive advantages, optimize after-sales service, improve the quality of customer service, focus on the applications generated by

the economic development and trend, expand all kinds of smart applications as the means to provide customers with more value and to win multiple growth opportunities.

(II) Impacts of the external competitive environment

As auto-ID applications become more popular and relevant to life, the market's demand for auto-ID printing has increased. In response to the external competition that comes with increased demand, the Company will continue focusing on the development of new technologies while at the same time integrating resources, coordinating, and forming collaborative relationships with different partners in the market to overcome external challenges. In doing so, we aim to achieve consistent growth in terms of revenues and profit.

(III) Impacts of the regulatory environment and macroeconomic environment

There has been no change in key domestic or foreign policies or laws that significantly affected the Company's operations in the last year, and the Company remains compliant with all changes in the regulatory environment.

In the future, the Company expects to further expand its vertical integration to take advantage of the growing demand as well as application of auto-ID. Driven by innovation, professionalism, and utmost respect for the business, we look forward to improving business performance and profitability to the mutual benefit of our shareholders, customers, and employees.

Chairman: Wang Shiu Ting Chief Executive Officer: Wang Hsing Lei Chief Accounting Officer: Lin Shu Juan

Two. Audit Committee's Review Report.

TSC Auto ID Technology Co., Ltd. Audit Committee's Review Report

We have reviewed the Company's 2021 business report, standalone financial statements, consolidated financial statements, and earnings appropriation proposal prepared by the board of directors. The standalone and consolidated financial statements have been audited by CPAs Lin Wen Qin and Fan You Wei of Deloitte Taiwan, to which they issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, standalone financial statements, consolidated financial statements, or earnings appropriation proposal, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely

For

2022 annual general meeting of TSC Auto ID Technology Co., Ltd.

Audit Committee convener: Ma Chia Ying

Audit Committee member: Li Chun Chi

Audit Committee member: Wu Chi Ming

March 28, 2022

Three. Report on the Compensation Distribution for Employees and Directors for 2021.

Explanation: In accordance with Article 25 of the Company's Articles of Incorporation, the Company proposed to distribute 3% of the net profit amounting to NT\$31,908,598 for directors' remuneration and 4% of the net profit amounting to NT\$42,544,797 for employees' compensation for 2021, all of which are to be paid in cash.

Four. Amendments to the “Corporate Social Responsibility Code of Conduct” of the Company.

Explanation: In order to comply with the Announcement Zheng-Gui-Jian-Zi-11000715831 made by the Taipei Exchange on December 13, 2021, which renamed the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” to “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, the Company proposed to change the name of the “Corporate Social Responsibility Code of Conduct” to “Sustainable Development Best Practice Principles” and amend some of the provisions.

TSC Auto ID Technology Co., Ltd.

Comparison Table of the Amended Provisions of the “Sustainable Development Best Practice Principles”

Articles	After Revision	Existing Provision	Explanation
Article 1	In order to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company has established these principles by referring to the Corporate Social Responsibility and Sustainable Development Best Practice Principles and relevant laws to be followed.	In order to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company has established these principles by referring to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and relevant laws to be followed.	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Articles	After Revision	Existing Provision	Explanation
Article 3	In fulfilling corporate social responsibility and sustainable development , the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Article 4	To implement corporate social responsibility and sustainable development initiatives, the Company is advised to follow the principles below: I. Exercise corporate governance. II. Foster a sustainable environment. III. Preserve public welfare. IV. Enhance disclosure of corporate social responsibility and sustainable development information.	To implement corporate social responsibility initiatives, the Company is advised to follow the principles below: I. Exercise corporate governance. II. Foster a sustainable environment. III. Preserve public welfare. IV. Enhance disclosure of corporate social responsibility information.	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Article 5	The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility and sustainable development principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate	The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Articles	After Revision	Existing Provision	Explanation
	<p>social responsibility and sustainable development <u>programs</u>, which shall be approved by the board of directors and then reported to the shareholders meeting.</p> <p>When a shareholder proposes a motion involving corporate social responsibility and sustainable development, the Company's board of directors is advised to review and consider including it in the shareholders meeting agenda.</p>	<p>meeting.</p> <p>When a shareholder proposes a motion involving corporate social responsibility, the Company's board of directors is advised to review and consider including it in the shareholders meeting agenda.</p>	
Article 7	<p>The Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility and sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility and sustainable development policies.</p> <p>The board of directors of the Company shall consider its stakeholders' interests and shall include the following matters in the Company's performance of its corporate social responsibility and sustainable development <u>initiatives</u>:</p> <p>I. Identifying the Company's corporate social responsibility and sustainable development mission or vision, and declaring its corporate social responsibility and sustainable development policy, systems or relevant management guidelines.</p> <p>II. Making corporate social</p>	<p>The Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.</p> <p>The board of directors of the Company shall consider its stakeholders' interests and shall include the following matters in the Company's performance of its corporate social responsibility initiatives:</p> <p>I. Identifying the Company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines.</p> <p>II. Making corporate social responsibility the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives.</p> <p>III. Enhancing the timeliness and accuracy of the disclosure of</p>	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Articles	After Revision	Existing Provision	Explanation
	<p>responsibility and sustainable development the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for corporate social responsibility and sustainable development initiatives.</p> <p>III. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility and sustainable development information.</p> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	<p>corporate social responsibility information.</p> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	
Article 8	<p>The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility and sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.</p>	<p>The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.</p>	<p>Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 9	<p>For the purpose of managing corporate social responsibility and sustainable development initiatives, <u>the Company is advised to establish</u> an exclusively (or concurrently)</p>	<p>For the purpose of managing corporate social responsibility initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the</p>	<p>Amended the content of the article in response to the amendments of the Sustainable</p>

Articles	After Revision	Existing Provision	Explanation
	<p>dedicated unit to be in charge of proposing and enforcing the corporate social responsibility and sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.</p> <p>The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>It is advised that the employee performance evaluation system be combined with corporate social responsibility and sustainable development policies, and that a clear and effective incentive and discipline system be established.</p>	<p>corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.</p> <p>The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.</p>	<p>Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 10	<p>The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility and sustainable development issues which they are concerned about.</p>	<p>The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.</p>	<p>Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 12	<p>The Company is advised to endeavor in utilizing all resources for energy use efficiency and use</p>	<p>The Company is advised to endeavor in utilizing all resources more efficiently and use renewable materials which have a</p>	<p>Amended the content of the article in response to the</p>

Articles	After Revision	Existing Provision	Explanation
	renewable materials which have a low impact on the environment to improve sustainability of natural resources.	low impact on the environment to improve sustainability of natural resources.	amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Article 17	<p>Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?</p> <p>The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased—and imported electricity, heating, or steam.</p> <p><u>III. Other Indirect Emissions: Emissions resulting from the Company's activities that are not indirect emissions from energy sources, but are from sources that are owned or controlled by other companies.</u></p> <p>The Company should compile the statistics on greenhouse gas emissions, water consumption and total weight of waste, and establish policies to save energy, reduce greenhouse gas emissions,</p>	<p>Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?</p> <p>The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p>The Company should compile the statistics on greenhouse gas emissions, water consumption and total weight of waste, and establish policies to save energy, reduce greenhouse gas emissions, consume less water or manage other waste, and include and promote the acquisition of carbon rights in the Company's carbon reduction strategy in order to minimize the impact caused by the Company's operation activities on climate change.</p>	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Articles	After Revision	Existing Provision	Explanation
	consume less water or manage other waste, and include and promote the acquisition of carbon rights in the Company's carbon reduction strategy in order to minimize the impact caused by the Company's operation activities on climate change.		
Chapter V	Enhance disclosure of corporate social responsibility and <u>sustainable development</u> information.	Enhance disclosure of corporate social responsibility information.	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Article 29	The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to their corporate social responsibility and <u>sustainable development</u> initiatives to improve information transparency. Relevant information relating to corporate social responsibility and <u>sustainable development</u> which the Company shall disclose includes: I. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility and <u>sustainable development</u>	The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency. Relevant information relating to corporate social responsibility which the Company shall disclose includes: I. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors. II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Articles	After Revision	Existing Provision	Explanation
	<p>initiatives, as resolved by the board of directors.</p> <p>II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</p> <p>III. Goals and measures for realizing the corporate social responsibility and sustainable development initiatives established by the companies, and performance in implementation.</p> <p>IV. Major stakeholders and their concerns.</p> <p>V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>VI. Other information relating to corporate social responsibility and sustainable development initiatives.</p>	<p>environment and preserving social public welfare.</p> <p>III. Goals and measures for realizing the corporate social responsibility initiatives established by the Company, and performance in implementation.</p> <p>IV. Major stakeholders and their concerns.</p> <p>V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>VI. Other information relating to corporate social responsibility initiatives.</p>	
Article 30	<p>The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility and sustainable development reports, to disclose the status of their implementation of the corporate social responsibility and sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to</p>	<p>The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:</p> <p>I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social</p>	Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Articles	After Revision	Existing Provision	Explanation
	<p>include:</p> <p>I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility <u>and sustainable development</u> initiatives.</p> <p>II. Major stakeholders and their concerns.</p> <p>III. Implementation performance and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>IV. Future improvements and goals.</p>	<p>responsibility initiatives.</p> <p>II. Major stakeholders and their concerns.</p> <p>III. Implementation performance and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>IV. Future improvements and goals.</p>	
Article 31	<p>The Company shall at all times monitor the development of domestic and foreign corporate social responsibility <u>and sustainable development</u> standards and the change of business environment so as to examine and improve their established corporate social responsibility <u>and sustainable development</u> framework and to obtain better results from the implementation of the corporate social responsibility <u>and sustainable development</u> policy.</p>	<p>The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.</p>	<p>Amended the content of the article in response to the amendments of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>
Article 33	<p>These Principles were established on March 17, 2017.</p> <p>The first amendment was made on March 22, 2021.</p> <p><u>The second amendment was made on March 28, 2022.</u></p>	<p>These Principles were established on March 17, 2017.</p> <p>The first amendment was made on March 22, 2021.</p>	<p>Added the second amendment date.</p>

II. Matters for Ratification Proposals

Proposal I

Proposed by the Board of Directors

Proposal: Acknowledgment of the Company's 2021 business report and financial statements

Explanation:

- I. The 2021 Standalone Financial Statements and Consolidated Financial Statements have been approved by the board of directors, and were audited by independent auditors, Lin Wen Qin and Fan You Wei of Deloitte & Touche. In addition, the Business Report, Standalone Financial Statements and Consolidated Financial Statements were certified by the Audit Committee, and a written review report has been issued.
- II. Please refer to page 3 to 5 and Appendix I (pages 24 to 47) for various statements in this proposal.
- III. Please review and ratify.

Resolution:

Proposal II

Proposed by the Board of Directors

Proposal: Acknowledgment of the Company's 2021 earnings appropriation

Explanation:

- I. The Company's net income for 2021 are NT\$784,485,606, adding the unappropriated retained earnings for the previous years, the legal reserve and the remeasurement of the defined benefit plan recognized in retained earnings, the total earnings available for distribution amounts is NT\$2,035,238,522. It is proposed that the Company distribute cash dividends to shareholders in the amount of NT\$467,246,340 (estimated NT\$11 cash dividends per share).
- II. Please refer to Appendix II (page 48) for the proposed earnings distribution table and explanatory notes.
- III. It is proposed that the board of directors be authorized with full power and authority to adjust distribution percentage if the number of outstanding shares is affected by the change in the number of shares outstanding prior to the dividend record date.

- IV. It is proposed that upon the approval of the Annual Shareholders' Meeting, the board of directors be authorized to determine the ex-dividend date and other related matters.
- V. The cash dividend distribution will be calculated to the nearest NT dollar. Fractional dividend less than NT\$1 shall be combined into other income of the Company.
- VI. Please review and ratify.

Resolution:

III. Discussion Items

Proposal I

Proposed by the Board of Directors

Proposal: Amendments to the “Articles of Incorporation” of the Company

Explanation:

- I. In order to allow more flexibility in the way the Company convenes shareholders' meetings and appropriates legal reserve, the Company proposes to amend certain provisions of the "Articles of Incorporation of TSC Auto ID Technology Co., Ltd." in accordance with the amendment of Article 172-2, Paragraph 1 of the Company Act by the Ministry of Economic Affairs dated December 29, 2021 and the amendment of Article 237, Paragraph 1 of the Company Act dated August 1, 2018.
- II. Please refer to Appendix III (page 49 to 50) for the comparison table of the amended provisions.
- III. Please discuss and resolve.

Resolution:

Proposal II

Proposed by the Board of Directors

Proposal: Amendments to the “Procedures for Acquisition and Disposal of Assets” of the Company

Explanation:

- I. The Company proposes to amend certain provisions of the “Procedures for Acquisition and Disposal of Assets” in order to comply with the latest legal amendments and to meet the actual operational needs of the Company.
- II. Please refer to Appendix IV (pages 51 to 70) for the comparison table of the amended provisions.
- III. Please discuss and resolve.

Resolution:

IV. Election

Proposal I

Proposed by the Board of Directors

Proposal: Director Election

Explanation:

- I. The term of the fifth board of directors will be ended on June 12, 2022. According to Article 15 of the Company's Articles of Incorporation, the election of the sixth board of directors shall be held to elect seven directors (including three independent directors).
- II. The newly elected directors and independent directors of the sixth term shall assume office on the date of election and shall serve for a term of three years from June 17, 2022 to June 16, 2025.
- III. The Company adopts a candidate nomination system for the election of directors. The shareholders shall elect the directors from among the those listed in the slate of director candidates, with independent and non-independent directors elected at the same time, but in separately calculated numbers. The slate of director and independent director candidates and related information are listed below:
- IV. Please refer to Appendix V (page 71 to 72) for Procedures for Election of Directors.
- V. Please vote.

Voting Result:

Category of Nominee	Account Number	Name	Educational Background	Work Experience	Name of the government or corporate represented	Number of shares held (Unit: share)	Has already served as an independent director of the Company for three consecutive terms and the reason
Director	2	Wang Shiu Ting	Department of Mechanical Engineering, Tatung Institute of Technology	Taiwan Semiconductor Manufacturing Co., Ltd. - Chairman and General Manager Texas Instruments Incorporated - Manager		739,984	Not applicable
Director	488	Wang Hsing Lei	MBA, Massachusetts Institute of Technology	TSC Auto ID Technology Co., Ltd. - General Manager McKinsey & Company - Consultant		183,304	Not applicable
Director	1	Luo Yue Gui	Department of Accounting and Statistics, Open College Affiliated with National Taipei College of Business	Taiwan Semiconductor Manufacturing Co., Ltd. - Finance Department Senior Manager Taiwan Songwang Electronics Co., Ltd. - Bonded Warehouse Officer Kuender & Co., Ltd. - Finance and Accounting Officer	Taiwan Semiconductor Manufacturing Co., Ltd.	15,453,177	Not applicable
Director	-	Chen Ming I	Department of Mechanical Engineering, National Kaohsiung Institute of Technology	TSC Auto ID Technology Co., Ltd. - Executive Vice General Manager Dell (Taiwan) B.V. Taiwan Branch - Assistant General Manager of Engineering		0	Not applicable
Independent Director	-	Ma Chia Ying	Ph.D., Lehigh University College of Business and Economics Master of Accounting, Utah State University Bachelor of Accounting, National Chengchi University	Soochow University - Professor at the Accounting Department National Chengchi University - Adjunct Professor at the Department of Public Finance National Chiao Tung University College of Biological Science and Technology - Adjunct Professor World Bank, Department of Regional Economy - Finance and economics consultant Lehigh University Computing Center - Senior Technical Consultant Martin Dell Private Enterprise Research Center - Researcher IDEAS System - Researcher PwC Taiwan - Senior Auditor		0	1. Professors Ma Chia Ying and Li Chun Chi, who have professional knowledge in accounting, management, engineering and corporate governance, are included as independent director candidates so that they can provide their expertise and advice while exercising their duties as independent directors. 2. During their terms of office as independent directors, both professors have made critical suggestions on the Company's operations, which have been very helpful to the business of the Company. 3. Therefore, both professors may be retained for another term after the evaluation.
Independent Director	-	Li Chun	Ph.D. in Optics and Photonics, National	Taipei City University of Science & Technology - Associate		0	

		Chi	Central University Master in Optics and Photonics, National Central University	Professor at the Department of Electrical Engineering and Executive Head of College of Engineering Technology & Science Institute of Northern Taiwan - Associate Professor at the Department of Electrical Engineering Kuang Wu Industry and Commerce Junior College - Lecturer at the Department of Electrical Engineering			
Independent Director	4062	Lin Tuo Zhi	Master of Science in Real Estate Development, Massachusetts Institute of Technology, USA Bachelor of Science in Industrial Engineering & Operations Research, UC Berkeley	The person in charge of Skymont Capital Limited The person in charge of Property Acquisition, Great China Region, Prudential Financial		38,720	No

V. Other Items

Proposal I

Proposed by the Board of Directors

Proposal: The release of non-competition restrictions for the Company's directors

Explanation:

- I. As stipulated in Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- II. The Company proposes to obtain the approval of the shareholders' meeting to release the non-competition restrictions for the Company's newly elected directors and their representatives in accordance with Article 209 of the Company Act. The list of releases and related information are as follows:

Title	Name	Company names and directorship position held concurrently
Director	Wang Shiu Ting	Taiwan Semiconductor Manufacturing Co., Ltd. - Chairman and General Manager Yangxin Everwell Electronic Co., Ltd. - Chairman (corporate representative) Tianjin Everwell Technology Co., Ltd. - Chairman (corporate representative) EVER ENERGETIC INTERNATIONAL LTD. - Chairman (corporate representative) EVER WINNER INTERNATIONAL CO., LTD. - Chairman (corporate representative) SKYRISE INT'L LTD. - Chairman (corporate representative) TAIWAN SEMICONDUCTOR JAPAN LTD. - Director (corporate representative) Tianjin TSC Auto ID Technology Co., Ltd. - Chairman (corporate representative) Printronic Auto ID Technology Co., Ltd. - Chairman (corporate representative) Shenzhen Printronix Auto ID Technology Co., Ltd. - Chairman (corporate representative) Nian Tzu Investment Co., Ltd. - Chairman
Director	Wang Hsing Lei	Taiwan Semiconductor Manufacturing Co., Ltd. - Director (corporate representative) TSC Auto ID Technology America, Inc. - Chairman (corporate representative) TSC Auto ID (HK) Ltd. - Person-in-charge (corporate representative)

Title	Name	Company names and directorship position held concurrently
		representative) Tianjin Everwell Technology Co., Ltd. - Supervisor (corporate representative) Tianjin TSC Auto ID Technology Co., Ltd. - Director (corporate representative) Arthur Investment Co., Ltd. - Director Nian Tzu Investment Co., Ltd. - Director Printronix Auto ID Technology Co., Ltd. - Director (corporate representative) Shenzhen Printronix Auto ID Technology Co., Ltd. - Director (corporate representative) Printronix Auto ID Technology Inc. - Chairman (corporate representative) Taiwan Semiconductor Europe GmbH - Director (corporate representative) TSC Auto ID Technology EMEA GmbH - Director (corporate representative) Diversified Labeling Solutions Inc. - Chairman (corporate representative) Precision Press & Label, Inc. - Chairman (corporate representative) TSC Auto ID Technology India Pvt Ltd. - Chairman (corporate representative)
Director	Chen Ming I	Tianjin TSC Auto ID Technology Co., Ltd. - Director (corporate representative) Printronix Auto ID Technology Co., Ltd. - Supervisor (corporate representative) Shenzhen Printronix Auto ID Technology Co., Ltd. - Director (corporate representative)
Independent Director	Ma Chia Ying	Union Insurance Company - Director (corporate representative) Medeon Biodesign, Inc. - Independent Director RichWave Technology Corp. - Independent Director Lida Holdings Limited - Independent Director
Independent Director	Lin Tuo Zhi	The person in charge of Skymont Capital Limited

III. Please discuss and resolve.

Resolution:

VI. Extemporary Motions

VII. Adjournment

Three. Appendix

[Appendix I] Financial Statements (including consolidated financial statements) for the year ended December 31, 2021 and Independent Audit's Report

Auditor's Audit Report

To TSC Auto ID Technology Co., Ltd.:

Audit opinions

We have audited the standalone balance sheet as of December 31, 2021 and December 31, 2020; the standalone incomes statement from January 1 to December 31, 2021 and from January 1 to December 31, 2020; the standalone statements of changes in equity and the standalone statements of cash flows from January 1 to December 31, 2021 and from January 1 to December 31, 2020 of TSC Auto ID Technology Co., Ltd. and the notes to standalone financial statements (including the summary of major accounting policies).

Based on our audit and other auditors' audit (please refer to "Other Matters"), all material disclosures in the standalone financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and provide fair representation of TSC Auto ID Technology Co., Ltd.'s standalone financial status as of December 31, 2021 and 2020, standalone financial performance from January 1 to December 31, 2021 and 2020, and standalone cash flows from January 1 to December 31, 2021 and 2020.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing principles. Our responsibilities as auditor for the standalone financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the Norm of Professional Ethics for CPA and maintained independence from TSC Auto ID

Technology Co., Ltd. when performing their duties. We believe that the evidence obtained from our audit and the audit results of other auditors provide an adequate and appropriate basis for our opinion.

Key Audit Issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2021 standalone financial statements of TSC Auto ID Technology Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the standalone financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2021 standalone financial statements of TSC Auto ID Technology Co., Ltd. are as follows:

Impairment assessment for equity-accounted investments (including goodwill)

TSC Auto ID Technology Co., Ltd. acquired controlling interest in Printronix Auto ID Technology Inc. (referred to as PTNX US below) on January 23, 2016, and later acquired the main business activities and operating assets from Diversified Labeling Solutions, Inc. (referred to as DLS below) in January 2019. Equity-accounted investments (including goodwill) were recognized in standalone financial statements for the respective years, and the amounts are considered material to the standalone financial statements. Impairment assessment for goodwill is explained below:

Assessment of impairment for equity-accounted investments (including goodwill) depends largely on the estimation of the recoverable amount using future operating cash flow from PTNX US and DLS (the cash-generating units). Since estimation of future operating cash flow involves the management's forecast on the performance of the industry and the Company, the assumptions used for the estimation and preparation (mainly including sales growth and operating profit margin) are prone to subjective judgment and high levels of uncertainty.

We have taken actions during our audit to address the above uncertainties, including: obtaining a goodwill impairment assessment report issued by a professional appraiser that the management had commissioned; understanding and assessing the rationality of the recoverable amount calculated from the valuation model; and evaluating the overall rationality of the aforementioned goodwill impairment assessment report after taking

into consideration the assumptions used in the valuation model, such as sales growth, profit margin, and weighted average funding cost (including the risk-free rate, volatility, and risk premium), the state of the Company's operations, the state of the industry, and future outlook.

Other Matters

As narrated in Note 11 of the standalone financial statement, amongst the equity-accounted subsidiaries presented in the 2021 and 2020 standalone financial statements of TSC Auto ID Technology Co., Ltd., some had financial statements audited by other CPAs. Therefore, opinions made in the aforementioned standalone financial statements in regards to the book value of equity-accounted subsidiaries and the share of gains/losses were based on the figures recognized in audit reports prepared by other CPAs. As of December 31, 2021 and 2020, the abovementioned equity-accounted investees represented 13.38% and 13.34% respectively of the Company's standalone total assets; share of profit from the abovementioned investees in 2021 and 2020 accounted for 11.06% and 8.19% respectively of the Company's standalone pre-tax profit.

Responsibilities of the management and governing body of the standalone financial statements

Responsibilities of the management were to prepare and ensure fair presentation of the standalone financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and to exercise proper internal control practices that are relevant to the preparation of the standalone financial statements so that the standalone financial statements are free of material misstatements, whether caused by fraud or error.

The governing body of TSC Auto ID Technology Co., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing standalone financial statements

The purposes of our audit were to obtain reasonable assurance of whether the standalone financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We consider assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted auditing principles do not necessarily guarantee detection of all material misstatements within the standalone financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of users of the standalone financial statement.

When conducting audits in accordance with the generally accepted auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as auditor:

1. Identifying and assessing risks of material misstatement within the standalone financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Because fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, the risk of not detecting material misstatements arising from fraud is greater than that of misstatements arising from error.

2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinions on the effectiveness of the internal control system of TSC Auto ID Technology Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of TSC Auto ID Technology Co., Ltd. to operate as a going concern, based on the audit evidence obtained. We are obliged to remind users of the standalone financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or changes of circumstances may still render TSC Auto ID Technology Co., Ltd. no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the standalone financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the standalone financial statements.
6. Obtaining sufficient and appropriate audit evidence on the financial information of individual entities within TSC Auto ID Technology Co., Ltd., and expressing opinions on the standalone financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on TSC Auto ID Technology Co., Ltd.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the Norm of

Professional Ethics for CPA, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governing body regarding the 2021 standalone financial statements of TSC Auto ID Technology Co., Ltd. These issues have been addressed in our audit report except for topics that are prohibited by law from being disclosed to the public, or, under extreme circumstances, topics that we decided not to communicate in the audit report because of greater negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan

CPA Lin Wen-Qin

CPA Fan You-Wei

Official Letter of Approval by
Securities and Futures Commission
Taiwan-Finance-Securities-VI-09201237
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Official Letter of Approval by Securities
and Futures Commission
Taiwan-Finance-Securities-VI-0920123784

March 28, 2022

TSC Auto ID Technology Co., Ltd.
Standalone Balance Sheet
December 31, 2021 and December 31, 2020

Unit: NT\$ thousand

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Note 6)	\$ 883,849	13	\$ 885,609	14
1110	Financial assets at fair value through profit or loss (Note 7)	3,061	-	934	-
1170	Notes and accounts receivable, net (Note 9)	374,060	5	260,051	4
1180	Accounts receivable – affiliated parties (Note 26)	739,074	11	713,878	12
1200	Other receivables	9,480	-	10,676	-
1210	Other receivables – affiliated parties (Note 26)	323,124	5	305,586	5
130X	Inventory (Note 10)	447,142	6	268,009	4
1470	Other current assets	<u>1,527</u>	-	<u>2,613</u>	-
11XX	Total current assets	<u>2,781,317</u>	<u>40</u>	<u>2,447,356</u>	<u>39</u>
Non-current assets					
1517	Financial assets at fair value through other comprehensive income (Note 8)	1,068,960	15	845,920	13
1550	Equity-accounted investments (Note 11)	2,436,780	35	2,365,444	37
1600	Property, plant and equipment (Note 12)	474,642	7	491,812	8
1755	Right-of-use assets (Note 13)	5,244	-	4,753	-
1780	Intangible assets (Note 14)	48,059	1	57,061	1
1840	Deferred income tax assets (Note 21)	116,662	2	105,104	2
1990	Other non-current assets	<u>3,992</u>	-	<u>6,801</u>	-
15XX	Total non-current assets	<u>4,154,339</u>	<u>60</u>	<u>3,876,895</u>	<u>61</u>
1XXX	Total assets	<u>\$ 6,935,656</u>	<u>100</u>	<u>\$ 6,324,251</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 15)	\$ 550,706	8	\$ 738,034	12
2120	Financial liabilities at fair value through profit or loss (Note 7)	443	-	3,235	-
2170	Accounts payable	410,105	6	289,425	5
2180	Accounts payable – affiliated parties (Note 26)	281,143	4	142,494	2
2200	Other payables (Note 16)	190,905	3	161,543	3
2220	Other accounts payable – affiliated parties (Note 26)	17,884	-	18,147	-
2230	Income tax liability during the period (Note 21)	182,379	3	150,707	2
2280	Lease liability (Note 13)	5,305	-	3,335	-
2320	Long-term liabilities due within one year (Note 15)	65,000	1	4,000	-
2399	Other current liabilities	<u>72,258</u>	<u>1</u>	<u>31,398</u>	-
21XX	Total current liabilities	<u>1,776,128</u>	<u>26</u>	<u>1,542,318</u>	<u>24</u>
Non-current liabilities					
2540	Long-term loans (Note 15)	835,000	12	1,026,000	16
2570	Deferred income tax liabilities (Note 21)	193,834	3	166,625	3
2580	Lease liability (Note 13)	2,270	-	3,005	-
2640	Net defined benefit liability (Note 17)	19,731	-	22,860	1
2670	Other non-current liabilities	<u>20,550</u>	-	<u>12,228</u>	-
25XX	Total non-current liabilities	<u>1,071,385</u>	<u>15</u>	<u>1,230,718</u>	<u>20</u>
2XXX	Total liabilities	<u>2,847,513</u>	<u>41</u>	<u>2,773,036</u>	<u>44</u>
Equity (Note 18)					
3110	Ordinary share capital	<u>424,769</u>	<u>6</u>	<u>424,769</u>	<u>7</u>
3200	Capital surplus	<u>592,852</u>	<u>9</u>	<u>577,665</u>	<u>9</u>
Retained earnings					
3310	Legal reserve	595,108	9	523,393	8
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	<u>2,113,635</u>	<u>30</u>	<u>1,826,157</u>	<u>29</u>
3300	Total retained earnings	<u>2,717,340</u>	<u>39</u>	<u>2,358,147</u>	<u>37</u>
3400	Other equity	<u>353,182</u>	<u>5</u>	<u>190,634</u>	<u>3</u>
3XXX	Total equity	<u>4,088,143</u>	<u>59</u>	<u>3,551,215</u>	<u>56</u>
Total liabilities and equity		<u>\$ 6,935,656</u>	<u>100</u>	<u>\$ 6,324,251</u>	<u>100</u>

The notes are an integral part of these standalone financial statements.

(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu-Ting

Chief Executive Officer: Wang Hsing-Lei

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd.
 Standalone Comprehensive Income Statement
 From January 1 to December 31, 2021 and from January 1 to December 31, 2020
 Unit: NT\$1,000 except NT\$ for earnings per share

Code		2021		2020	
		Amount	%	Amount	%
	Operating incomes (Notes 19, 26)				
4110	Revenues	\$ 3,266,229	100	\$ 2,619,995	100
	Operating costs (Notes 10, 20, 26)				
5110	Cost of goods sold	<u>2,083,861</u>	<u>64</u>	<u>1,534,545</u>	<u>58</u>
5900	Gross profits	1,182,368	36	1,085,450	42
5910	Realized gain on transactions with subsidiaries	<u>10,995</u>	<u>1</u>	<u>33,818</u>	<u>1</u>
5950	Realized gross profit	<u>1,193,363</u>	<u>37</u>	<u>1,119,268</u>	<u>43</u>
	Operating expenses (Notes 9, 20, 26)				
6100	Sales & marketing expenses	58,379	2	53,164	2
6200	Administrative expenses	174,772	5	151,412	6
6300	R&D expenses	<u>216,484</u>	<u>7</u>	<u>208,097</u>	<u>8</u>
6000	Total operating expenses	<u>449,635</u>	<u>14</u>	<u>412,673</u>	<u>16</u>
6900	Operating profits	<u>743,728</u>	<u>23</u>	<u>706,595</u>	<u>27</u>
	Non-operating incomes and expenses				
7100	Interest income (Notes 20, 26)	7,050	-	12,046	-
7190	Other incomes (Notes 20, 26)	25,835	1	27,156	1
7020	Other gains and losses (Note 20)	8,222	-	(6,477)	-
7050	Financial cost (Note 20)	(14,120)	(1)	(22,288)	(1)
7070	Share of profit from equity-accounted subsidiaries (Note 11)	<u>218,452</u>	<u>7</u>	<u>182,684</u>	<u>7</u>
7000	Total non-operating incomes and expenses	<u>245,439</u>	<u>7</u>	<u>193,121</u>	<u>7</u>

(Continued on next page)

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Code		2021		2020	
		Amount	%	Amount	%
7900	Profits before tax	\$ 989,167	30	\$ 899,716	34
7950	Income tax expenses (Note 21)	<u>204,681</u>	<u>6</u>	<u>184,364</u>	<u>7</u>
8200	Current net income	<u>784,486</u>	<u>24</u>	<u>715,352</u>	<u>27</u>
	Other comprehensive income				
	Items that are not to be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 17)	(524)	-	1,795	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive incomes (Note 18)	<u>223,040</u>	<u>7</u>	<u>153,108</u>	<u>6</u>
8310		<u>222,516</u>	<u>7</u>	<u>154,903</u>	<u>6</u>
	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 18)	(75,615)	(2)	(85,098)	(3)
8399	Income tax components that may be reclassified (Note 21)	<u>15,123</u>	<u>-</u>	<u>17,020</u>	<u>1</u>
8360		(<u>60,492</u>)	(<u>2</u>)	(<u>68,078</u>)	(<u>2</u>)
8300	Other comprehensive income for the year (net of tax)	<u>162,024</u>	<u>5</u>	<u>86,825</u>	<u>4</u>
8500	Total comprehensive income for the year	<u>\$ 946,510</u>	<u>29</u>	<u>\$ 802,177</u>	<u>31</u>
	Earnings per share (Note 22)				
9710	Basic	<u>\$ 18.47</u>		<u>\$ 16.84</u>	
9810	Diluted	<u>\$ 18.32</u>		<u>\$ 16.74</u>	

The notes are an integral part of these standalone financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting Chief Executive Officer: Wang Hsing Lei Chief Accounting Officer: Lin Shu Juan

TSC Auto ID Technology Co., Ltd.
Standalone Statement of Changes in equity
From January 1 to December 31, 2021 and from January 1 to December 31, 2020

Unit: NT\$1,000 unless otherwise indicated

Code		Share capital				Retained earnings				Other equity		Total	Total equity	
		No. of shares (1,000)	Ordinary share capital	Advanced receipt of share capital	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations			Unrealized gain of financial assets measured at fair value through other comprehensive incomes
A1	Balance on January 1, 2020	42,437	\$ 424,369	\$ 400	\$ 424,769	\$ 568,892	\$ 447,718	\$ 8,597	\$ 1,609,454	\$ 2,065,769	(\$ 165,699)	\$ 271,303	\$ 105,604	\$ 3,165,034
G1	Exercise of employee stock options	40	400	(400)	-	-	-	-	-	-	-	-	-	-
	Appropriation and distribution of 2019 earnings													
B1	Legal reserve	-	-	-	-	-	75,675	-	(75,675)	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	(424,769)	(424,769)	-	-	-	(424,769)
D1	2020 net income	-	-	-	-	-	-	-	715,352	715,352	-	-	-	715,352
D3	2020 other comprehensive income - after tax	-	-	-	-	-	-	-	1,795	1,795	(68,078)	153,108	85,030	86,825
D5	Total comprehensive income of 2020	-	-	-	-	-	-	-	717,147	717,147	(68,078)	153,108	85,030	802,177
N1	Share-based compensation - employee stock options (Note 23)	-	-	-	-	8,773	-	-	-	-	-	-	-	8,773
Z1	Balance on December 31, 2020	42,477	424,769	-	424,769	577,665	523,393	8,597	1,826,157	2,358,147	(233,777)	424,411	190,634	3,551,215
	Appropriation and distribution of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	71,715	-	(71,715)	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	(424,769)	(424,769)	-	-	-	(424,769)
D1	2021 net income	-	-	-	-	-	-	-	784,486	784,486	-	-	-	784,486
D3	2021 other comprehensive income - after tax	-	-	-	-	-	-	-	(524)	(524)	(60,492)	223,040	162,548	162,024
D5	Total comprehensive income of 2021	-	-	-	-	-	-	-	783,962	783,962	(60,492)	223,040	162,548	946,510
N1	Share-based compensation - employee stock options (Note 23)	-	-	-	-	15,187	-	-	-	-	-	-	-	15,187
Z1	Balance on December 31, 2021	42,477	\$ 424,769	\$ -	\$ 424,769	\$ 592,852	\$ 595,108	\$ 8,597	\$ 2,113,635	\$ 2,717,340	(\$ 294,269)	\$ 647,451	\$ 353,182	\$ 4,088,143

The notes are an integral part of these standalone financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting

Chief Executive Officer: Wang Hsing Lei

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd.
Standalone Statement of Cash Flows

From January 1 to December 31, 2021 and from January 1 to December 31, 2020

Unit: NT\$ thousand

Code		2021	2020
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	\$ 989,167	\$ 899,716
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	33,937	42,289
A20200	Amortization	24,001	22,542
A20300	Expected credit loss	1,476	1,903
A20900	Financial cost	14,120	22,288
A21200	Interest income	(7,050)	(12,046)
A21300	Dividend income	(20,400)	(20,400)
A21900	Cost of employee stock options	15,187	8,773
A22400	Share of profit from equity-accounted subsidiaries	(218,452)	(182,684)
A23700	Loss for market price decline and obsolete inventory (Gain from price recovery)	(800)	9,673
A23900	Realized gain on transactions with subsidiaries	(10,995)	(33,818)
A24100	Unrealized foreign exchange losses	5,496	4,408
A29900	Gain on lease amendment	-	(29)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	(2,127)	1,481
A31150	Notes and accounts receivable	(115,252)	(47,363)
A31160	Accounts receivable – affiliated parties	(34,304)	182,082
A31180	Other receivables	1,488	(493)
A31190	Other receivables – affiliated parties	5,784	45,475
A31200	Inventory	(178,333)	32,937
A31240	Other current assets	1,086	3,261
A32110	Financial liabilities held for trading	(2,792)	2,879
A32150	Accounts payable	122,513	(30,980)
A32160	Accounts payable – affiliated parties	140,804	(36,011)
A32180	Other payables	31,358	(6,558)
A32190	Other payables – affiliated parties	(211)	1,801
A32230	Other current liabilities	40,860	4,026
A32240	Net defined benefit liability	(3,653)	57
A32990	Other non-current liabilities	<u>8,322</u>	<u>(12,932)</u>
A33000	Cash inflows from operating activities	841,230	902,277

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Code		2021	2020
A33100	Interest received	\$ 6,758	\$ 12,049
A33500	Income tax paid	(<u>142,235</u>)	(<u>77,148</u>)
AAAA	Net cash flows from operating activities	<u>705,753</u>	<u>837,178</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	-	(76,948)
B01800	Established equity-accounted subsidiaries	(2,791)	-
B02700	Purchase of property, plant and equipment	(9,073)	(2,822)
B03700	Increase in refundable deposits	(252)	(209)
B03800	Decrease in refundable deposits	4	8
B04300	Increase in other receivables – affiliated parties	(355,295)	(395,248)
B04400	Decrease in other receivables – affiliated parties	329,392	395,872
B04500	Purchase of intangible assets	(14,999)	(9,974)
B07100	Increase in equipment prepayments	(2,436)	(11,405)
B07600	Dividends received	<u>105,687</u>	<u>20,400</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>50,237</u>	(<u>80,326</u>)
	Cash flows from financing activities		
C00100	Decrease in net short-term loans	(181,287)	(250,673)
C01600	Borrowing of long-term loans	300,000	970,000
C01700	Repayment of long-term loans	(430,000)	(855,000)
C04020	Repayment of lease principals	(3,391)	(2,551)
C05600	Interest paid	(14,258)	(23,077)
C05800	Cash dividends paid	(<u>424,769</u>)	(<u>424,769</u>)
CCCC	Net cash outflows from financing activities	(<u>753,705</u>)	(<u>586,070</u>)
DDDD	Currency impact on cash and cash equivalents	(<u>4,045</u>)	(<u>88</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(1,760)	170,694
E00100	Cash and cash equivalents at the beginning of the year	<u>885,609</u>	<u>714,915</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 883,849</u>	<u>\$ 885,609</u>

The notes are an integral part of these standalone financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting Chief Executive Officer: Wang Hsing Lei Chief Accounting Officer: Lin Shu Juan

Auditor's Audit Report

To TSC Auto ID Technology Co., Ltd.:

Audit opinions

We have audited the consolidated balance sheet as of December 31, 2021 and December 31, 2020; the consolidated incomes statement from January 1 to December 31, 2021 and from January 1 to December 31, 2020; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to December 31, 2021 and from January 1 to December 31, 2020 of TSC Auto ID Technology Co., Ltd. and its subsidiaries ("TSC Auto ID Technology Group") and the notes to consolidated financial statements (including the summary of major accounting policies).

Based on our audit and other auditors' audit (please refer to "Other Matters"), all material disclosures in the consolidated financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and promulgated by the Financial Supervisory Commission, and provide fair representation of TSC Auto ID Technology Group's consolidated financial status as of December 31, 2021 and 2020, consolidated financial performance from January 1 to December 31, 2021 and 2020, and consolidated cash flows from January 1 to December 31, 2021 and 2020.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing principles. Our responsibilities as auditor for the consolidated financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed

the Norm of Professional Ethics for CPA and maintained independence from TSC Auto ID Technology Group when performing their duties. We believe that the evidence obtained from our audit and the audit results of other auditors provide an adequate and appropriate basis for our opinion.

Key Audit Issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2021 consolidated financial statements of TSC Auto ID Technology Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2021 consolidated financial statements of TSC Auto ID Technology Group are as follows:

Impairment assessment for goodwill

TSC Auto ID Technology Group acquired controlling interest in Printronix Auto ID Technology Inc. (referred to as PTNX US below) on January 23, 2016, and later acquired the main business activities and operating assets from Diversified Labeling Solutions, Inc. (referred to as DLS below) in January 2019. Goodwill was recognized in the consolidated financial statements for the respective years, and the amounts are considered material to the consolidated financial statements. Assessment of goodwill impairment depends largely on the estimation of the recoverable amount using future operating cash flow from PTNX US and DLS (the cash-generating units). Since the estimation of future operating cash flow involves the management's forecast of the performance of the industry and the Company, the assumptions used for the estimation and preparation are prone to subjective judgment and high levels of uncertainty.

We have taken actions during our audit to address the above uncertainties, including: obtaining a goodwill impairment assessment report issued by a professional appraiser that the management had commissioned; understanding and assessing the rationality of the recoverable amount calculated from the valuation model; and evaluating the overall rationality of the aforementioned goodwill impairment assessment report after taking into consideration the assumptions used in the valuation model, such as sales growth, profit margin, and weighted average funding cost (including the risk-free rate, volatility,

and risk premium), the state of the Company's operations, the state of the industry, and future outlook.

Other Matters

As narrated in Note 11 of the consolidated financial statements, amongst the subsidiaries presented in the 2021 and 2020 consolidated financial statements of TSC Auto ID Technology Group were financial statements of important subsidiaries that were audited by other CPAs. Therefore, opinions made in the aforementioned consolidated financial statements in regards to the amounts and footnote disclosures of such businesses were based on the figures recognized and disclosed in audited reports prepared by other CPAs. The total assets of the subsidiaries accounted for 19.12% and 19.35% of the total consolidated assets as of December 31, 2021 and 2020 respectively; The operating revenues of the subsidiaries accounted for 34.37% and 34.72% of the consolidated operating revenues in 2021 and 2020 respectively, and their total comprehensive income accounted for 11.93% and 10.06% of the total consolidated comprehensive income respectively.

TSC Auto ID Technology Co., Ltd. has prepared standalone financial statements for 2021 and 2020, to which we have issued an independent auditor's report with unqualified opinion and made additional disclosures in the Other Matters paragraph.

Responsibilities of the management and governing body of the consolidated financial statements

Responsibilities of the management were to prepare and ensure fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and promulgated by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of the consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing the consolidated financial statements also included assessing the ability of TSC Auto ID Technology Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate TSC Auto ID Technology Group or cease business operations, or is compelled to do so with no alternative solution.

The governing body of TSC Auto ID Technology Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing consolidated financial statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We consider assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of users of the consolidated financial statements.

When conducting audits in accordance with the generally accepted auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as auditor:

1. Identifying and assessing risks of material misstatement within the consolidated financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Because fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, the risk of not detecting material misstatements arising from fraud is greater than that of misstatements arising from error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinions on the effectiveness of the internal control system of TSC Auto ID Technology Group.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of TSC Auto ID Technology Group to operate as a going concern, based on the audit evidence obtained. We are obliged to remind users of the consolidated financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or changes of circumstances may still render TSC Auto ID Technology Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on the financial information of individual entities within the group, and expressing opinions on the consolidated financial statements. Our responsibilities as auditor are to instruct, supervise and execute audits and form audit opinions on the group.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the Norm of Professional Ethics for CPA, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governing body regarding the 2021 consolidated financial statements of TSC Auto ID Technology Group. These issues have been addressed in our audit report except for topics that are prohibited by law from being disclosed to the public, or, under extreme circumstances, topics that we decided not to communicate in the audit report because of greater negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan

CPA Lin Wen-Qin

CPA Fan You-Wei

Official Letter of Approval by
Securities and Futures Commission
Taiwan-Finance-Securities-VI-09201237
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Official Letter of Approval by Securities
and Futures Commission
Taiwan-Finance-Securities-VI-0920123784

March 28, 2022

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2021 and December 31, 2020

Unit: NT\$ thousand

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,199,879	16	\$ 1,307,939	18
1110	Financial assets at fair value through profit or loss (Note 7)	3,061	-	934	-
1170	Notes and accounts receivable, net (Notes 9, 27)	1,270,068	17	1,103,900	16
1200	Other receivables (Note 27)	27,419	-	15,537	-
130X	Inventory (Note 10)	1,158,048	15	779,214	11
1410	Prepayments	35,229	-	33,332	1
1470	Other current assets	2,581	-	4,294	-
11XX	Total current assets	<u>3,696,285</u>	<u>48</u>	<u>3,245,150</u>	<u>46</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 8)	1,068,960	14	845,920	12
1600	Property, plant and equipment (Note 12)	1,014,529	13	972,754	14
1755	Right-of-use assets (Note 13)	244,435	3	279,794	4
1780	Other intangible assets (Note 15)	246,691	3	312,557	4
1805	Goodwill (Note 14)	953,676	13	981,239	14
1840	Deferred income tax assets (Note 23)	416,976	6	442,269	6
1990	Other non-current assets	28,539	-	23,738	-
15XX	Total non-current assets	<u>3,973,806</u>	<u>52</u>	<u>3,858,271</u>	<u>54</u>
1XXX	Total assets	<u>\$ 7,670,091</u>	<u>100</u>	<u>\$ 7,103,421</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 16)	\$ 550,706	7	\$ 794,994	11
2120	Financial liabilities at fair value through profit or loss (Note 7)	443	-	3,235	-
2170	Accounts payable (Note 27)	758,245	10	540,217	8
2200	Other payables (Notes 17, 27)	373,131	5	279,466	4
2230	Income tax liability during the period	191,874	3	169,894	3
2250	Liability reserve	6,083	-	5,666	-
2280	Lease liability (Note 13)	101,861	1	80,462	1
2320	Long-term liabilities due within one year (Note 16)	65,000	1	4,000	-
2399	Other current liabilities	153,194	2	95,336	1
21XX	Total current liabilities	<u>2,200,537</u>	<u>29</u>	<u>1,973,270</u>	<u>28</u>
	Non-current liabilities				
2540	Long-term loans (Note 16)	835,000	11	1,026,000	14
2570	Deferred income tax liabilities (Note 23)	302,575	4	270,731	4
2580	Lease liability (Note 13)	172,318	2	211,975	3
2640	Net defined benefit liability (Note 18)	19,731	-	22,860	-
2670	Other non-current liabilities	51,787	1	47,370	1
25XX	Total non-current liabilities	<u>1,381,411</u>	<u>18</u>	<u>1,578,936</u>	<u>22</u>
2XXX	Total liabilities	<u>3,581,948</u>	<u>47</u>	<u>3,552,206</u>	<u>50</u>
	Equity (Note 19)				
3110	Ordinary share capital	424,769	5	424,769	6
3200	Capital surplus	592,852	8	577,665	8
	Retained earnings				
3310	Legal reserve	595,108	8	523,393	7
3320	Special reserve	8,597	-	8,597	-
3350	Unappropriated earnings	2,113,635	27	1,826,157	26
3300	Total retained earnings	<u>2,717,340</u>	<u>35</u>	<u>2,358,147</u>	<u>33</u>
3400	Other equity	353,182	5	190,634	3
3XXX	Total equity	<u>4,088,143</u>	<u>53</u>	<u>3,551,215</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 7,670,091</u>	<u>100</u>	<u>\$ 7,103,421</u>	<u>100</u>

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

(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting

Chief Executive Officer: Wang Hsing-Lei

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Comprehensive Income Statement

From January 1 to December 31, 2021 and from January 1 to December 31, 2020

Code		Unit: NT\$1,000 except NT\$ for earnings per share			
		2021		2020	
		Amount	%	Amount	%
	Operating incomes (Notes 20, 27, 31)				
4110	Revenues	\$ 6,848,808	100	\$ 5,683,808	100
	Operating costs (Notes 10, 21, 27)				
5110	Cost of goods sold	<u>4,573,431</u>	<u>67</u>	<u>3,660,985</u>	<u>64</u>
5900	Gross profits	<u>2,275,377</u>	<u>33</u>	<u>2,022,823</u>	<u>36</u>
	Operating expenses (Notes 9, 21, 27)				
6100	Sales & marketing expenses	620,763	9	563,111	10
6200	Administrative expenses	391,492	6	337,613	6
6300	R&D expenses	<u>212,892</u>	<u>3</u>	<u>204,793</u>	<u>4</u>
6000	Total operating expenses	<u>1,225,147</u>	<u>18</u>	<u>1,105,517</u>	<u>20</u>
6900	Operating profits	<u>1,050,230</u>	<u>15</u>	<u>917,306</u>	<u>16</u>
	Non-operating incomes and expenses (Note 21)				
7100	Interest income	4,390	-	3,536	-
7190	Other incomes	40,683	1	74,442	1
7020	Other gains and losses	13,165	-	(15,718)	-
7050	Financial cost	(25,565)	-	(36,077)	-
7000	Total non-operating incomes and expenses	<u>32,673</u>	<u>1</u>	<u>26,183</u>	<u>1</u>
7900	Profits before tax	1,082,903	16	943,489	17
7950	Income tax expenses (Note 22)	<u>298,417</u>	<u>4</u>	<u>228,137</u>	<u>4</u>
8200	Current net income	<u>784,486</u>	<u>12</u>	<u>715,352</u>	<u>13</u>

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Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that are not to be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan (Note 18)	(\$ 524)	-	\$ 1,795	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive incomes (Note 19)	<u>223,040</u>	<u>3</u>	<u>153,108</u>	<u>2</u>
		<u>222,516</u>	<u>3</u>	<u>154,903</u>	<u>2</u>
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations (Note 19)	(75,615)	(1)	(85,098)	(1)
8399	Income tax components that may be reclassified (Note 22)	<u>15,123</u>	<u>-</u>	<u>17,020</u>	<u>-</u>
		(<u>60,492</u>)	(<u>1</u>)	(<u>68,078</u>)	(<u>1</u>)
8300	Other comprehensive income for the year (net of tax)	<u>162,024</u>	<u>2</u>	<u>86,825</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 946,510</u>	<u>14</u>	<u>\$ 802,177</u>	<u>14</u>
	Net income attributable to:				
8610	Shareholders of the Company	<u>\$ 784,486</u>	<u>12</u>	<u>\$ 715,352</u>	<u>13</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	<u>\$ 946,510</u>	<u>14</u>	<u>\$ 802,177</u>	<u>14</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 18.47</u>		<u>\$ 16.84</u>	
9810	Diluted	<u>\$ 18.32</u>		<u>\$ 16.74</u>	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting Chief Executive Officer: Wang Hsing Lei Chief Accounting Officer: Lin Shu Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Statement of Changes in equity
From January 1 to December 31, 2021 and from January 1 to December 31, 2020

Unit: NT\$1,000 unless otherwise indicated

C o d e	Share capital				Retained earnings					Other equity		Total equity		
	No. of shares (1,000)	Ordinary share capital	Advanced receipt of share capital	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gain of financial assets measured at fair value through other comprehensive incomes			
A1	Balance on January 1, 2020	42,437	\$ 424,369	\$ 400	\$ 424,769	\$ 568,892	\$ 447,718	\$ 8,597	\$ 1,609,454	\$ 2,065,769	(\$ 165,699)	\$ 271,303	\$ 105,604	\$ 3,165,034
G1	Exercise of employee stock options	40	400	(400)	-	-	-	-	-	-	-	-	-	-
	Appropriation and distribution of 2019 earnings													
B1	Legal reserve	-	-	-	-	-	75,675	-	(75,675)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	(424,769)	(424,769)	-	-	-	(424,769)
D1	2020 net income	-	-	-	-	-	-	-	715,352	715,352	-	-	-	715,352
D3	2020 other comprehensive income - after tax	-	-	-	-	-	-	-	1,795	1,795	(68,078)	153,108	85,030	86,825
D5	Total comprehensive income of 2020	-	-	-	-	-	-	-	717,147	717,147	(68,078)	153,108	85,030	802,177
N1	Share-based compensation - employee stock options (Note 24)	-	-	-	-	8,773	-	-	-	-	-	-	-	8,773
Z1	Balance on December 31, 2020	42,477	424,769	-	424,769	577,665	523,393	8,597	1,826,157	2,358,147	(233,777)	424,411	190,634	3,551,215
	Appropriation and distribution of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	71,715	-	(71,715)	-	-	-	-	-
B5	Cash dividends to the company's shareholders	-	-	-	-	-	-	-	(424,769)	(424,769)	-	-	-	(424,769)
D1	2021 net income	-	-	-	-	-	-	-	784,486	784,486	-	-	-	784,486
D3	2021 other comprehensive income - after tax	-	-	-	-	-	-	-	(524)	(524)	(60,492)	223,040	162,548	162,024
D5	Total comprehensive income of 2021	-	-	-	-	-	-	-	783,962	783,962	(60,492)	223,040	162,548	946,510
N1	Share-based compensation - employee stock options (Note 24)	-	-	-	-	15,187	-	-	-	-	-	-	-	15,187
Z1	Balance on December 31, 2021	42,477	\$ 424,769	\$ -	\$ 424,769	\$ 592,852	\$ 595,108	\$ 8,597	\$ 2,113,635	\$ 2,717,340	(\$ 294,269)	\$ 647,451	\$ 353,182	\$ 4,088,143

The notes are an integral part of these consolidated financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting

Chief Executive Officer: Wang Hsing Lei

Chief Accounting Officer: Lin Shu-Juan

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

From January 1 to December 31, 2021 and from January 1 to December 31, 2020

Code		2021	2020
		Unit: NT\$ thousand	
	Cash flows from operating activities		
A10000	Pre-tax profit for the current period	\$ 1,082,903	\$ 943,489
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	181,348	188,883
A20200	Amortization	74,929	76,319
A20300	Expected credit loss	9,563	3,051
A20900	Financial cost	25,565	36,077
A21200	Interest income	(4,390)	(3,536)
A21300	Dividend income	(20,400)	(20,400)
A21900	Cost of employee stock options	15,187	8,773
A22500	Loss from disposal of property, plant and equipment	2,158	148
A23700	Loss for market price decline and obsolete inventory	4,010	10,154
A24100	Unrealized foreign exchange losses	5,496	4,408
A29900	Gain on lease amendment	-	(28)
A29900	Other incomes	-	(30,123)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	(2,127)	1,481
A31150	Notes and accounts receivable	(221,328)	(71,330)
A31180	Other receivables	(16,747)	(2,529)
A31200	Inventory	(429,016)	65,693
A31230	Prepayments	(2,710)	2,271
A31240	Other current assets	(891)	(121)
A31990	Other non-current assets	338	550
A32110	Financial liabilities held for trading	(2,792)	2,879
A32150	Accounts payable	279,587	19,890
A32180	Other payables	112,804	(702)
A32230	Other current liabilities	60,050	(1,123)
A32240	Net defined benefit liability	(3,653)	57
A32990	Other non-current liabilities	<u>5,253</u>	<u>(8,211)</u>
A33000	Cash inflows from operating activities	1,155,137	1,226,020
A33100	Interest received	4,098	3,539
A33500	Income tax paid	<u>(207,412)</u>	<u>(104,734)</u>
AAAA	Net cash flows from operating activities	<u>951,823</u>	<u>1,124,825</u>

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Code		2021	2020
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive incomes	\$ -	(\$ 76,948)
B02700	Purchase of property, plant and equipment	(146,936)	(68,245)
B02800	Property, plant and equipment	943	443
B03700	Increase in refundable deposits	(4,717)	(408)
B03800	Decrease in refundable deposits	83	14
B04500	Purchase of intangible assets	(15,742)	(11,686)
B07100	Increase in equipment prepayments	(6,278)	(13,775)
B07600	Dividends received	<u>20,400</u>	<u>20,400</u>
BBBB	Net cash outflows from investing activities	(<u>152,247</u>)	(<u>150,205</u>)
	Cash flows from financing activities		
C00100	Decrease in net short-term loans	(237,239)	(191,585)
C01600	Borrowing of long-term loans	300,000	1,000,123
C01700	Repayment of long-term loans	(430,000)	(855,000)
C03100	Decrease in deposits received	(216)	(217)
C04020	Repayment of lease principals	(69,728)	(83,015)
C04500	Cash dividends paid	(424,769)	(424,769)
C05600	Interest paid	(<u>25,723</u>)	(<u>36,846</u>)
CCCC	Net cash outflows from financing activities	(<u>887,675</u>)	(<u>591,309</u>)
DDDD	Currency impact on cash and cash equivalents	(<u>19,961</u>)	<u>3,736</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(108,060)	387,047
E00100	Cash and cash equivalents at the beginning of the year	<u>1,307,939</u>	<u>920,892</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,199,879</u>	<u>\$ 1,307,939</u>

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

(Please refer to the audit report issued by Deloitte Taiwan on March 28, 2022.)

Chairman: Wang Shiu Ting Chief Executive Officer: Wang Hsing Lei Chief Accounting Officer: Lin Shu Juan

[Appendix II] Earning Distribution Table for 2021

TSC Auto ID Technology Co., Ltd.

2021

Earnings Distribution Table

Unit: NT\$

Item	Amount	
Unappropriated retained earnings for previous year		1,329,672,809
Net income for 2021	784,485,606	
Remeasurement of defined benefit plan recognized in retained earnings	(523,703)	
Adjusted unappropriated retained earnings after net income plus other items calculated into for the period		783,961,903
10% legal reserve		(78,396,190)
Earnings available for distribution for the period		2,035,238,522
Less: Distribution Items:		
Bonus to shareholders - cash dividends (NT\$11 per share)	(467,246,340)	
Unappropriated retained earnings at the end of the period		1,567,992,182

Note 1: The shareholders' bonus is distributed from the retained earnings of 2021.

Note 2: The cash dividend distribution will be calculated to the nearest NT dollar. Fractional dividend less than NT\$1 shall be combined into other income of the Company.

Note 3: The number of shares for cash dividends was calculated based on the total number of 42,476,940 shares outstanding as of March 28, 2022.

Chairman:

General Manager:

Chief Accounting Officer:

[Appendix III] Comparison Table for Amendment of the “Articles of Incorporation”

Articles	After Revision	Existing Provision	Explanation
Article 11	<p>Shareholders’ meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened once a year within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China, while the Extraordinary General meeting of shareholders will be held when necessary.</p> <p><u>The Company's shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the Ministry of Economic Affairs.</u></p>	<p>Shareholders’ meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened once a year within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China, while the Extraordinary General meeting of shareholders will be held when necessary.</p>	<p>The amended version of the Article 172-2 of the Company Act promulgated on December 29, 2021, to provide that the public companies may hold shareholders' meetings by means of visual communication network. Therefore, in accordance with the first paragraph of the Article 172, a company may explicitly provide for in its Articles of Incorporation that its shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority (the Ministry of Economic Affairs). The Company may hold a virtual shareholders' meeting or hold a shareholders' meeting in any other means as announced by the Ministry of Economic Affairs (MOEA) in order to accommodate the competent authority's policy to promote visual shareholders' meetings and to provide a convenient way for shareholders to participate in shareholders' meetings in response to the digitization trend.</p>
Article 27	<p>This Article of Incorporation was established on March 7, 2007. The first amendment was made on April 26, 2007. The second amendment was made on May 21, 2007. The third amendment was</p>	<p>This Article of Incorporation was established on March 7, 2007. The first amendment was made on April 26, 2007. The second amendment was made on May 21,</p>	<p>Added the thirteenth amendment date.</p>

	<p>made on June 13, 2007. The fourth amendment was made on May 15, 2008. The fifth amendment was made on June 16, 2009. The sixth amendment was made on June 18, 2010. The seventh amendment was made on June 19, 2012. The eighth amendment was made on June 13, 2013. The ninth amendment was made on June 7, 2016. The tenth amendment was made on June 8, 2017. The eleventh amendment was made on June 13, 2019. The twelfth amendment was made on June 11, 2021. <u>The thirteenth amendment was made on June 17, 2022.</u></p>	<p>2007. The third amendment was made on June 13, 2007. The fourth amendment was made on May 15, 2008. The fifth amendment was made on June 16, 2009. The sixth amendment was made on June 18, 2010. The seventh amendment was made on June 19, 2012. The eighth amendment was made on June 13, 2013. The ninth amendment was made on June 7, 2016. The tenth amendment was made on June 8, 2017. The eleventh amendment was made on June 13, 2019. The twelfth amendment was made on June 11, 2021.</p>	
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[Appendix IV] Comparison Table for the Amendments to the “Procedures for Acquisition and Disposal of Assets”

Articles	After Revision	Existing Provision	Explanation
Article 3-1	<p>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:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory</u></p>	<p>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:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following matters:</p>	<p>Amended this article in accordance with the amendment to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles	After Revision	Existing Provision	Explanation
	<p><u>rules of their respective associations, and</u> the following matters:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When examining or executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. 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> reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	<p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. 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.</p> <p>IV. 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.</p>	
Article 4	<p>Evaluation Procedures for Acquisition or Disposal of Assets</p> <p>I. Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition of equipment or related right-of-use assets for business</p>	<p>Evaluation Procedures for Acquisition or Disposal of Assets</p> <p>I. Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition of equipment or related right-of-use assets for business</p>	Amended this article in accordance with the amendment to the "Regulations Governing the Acquisition

Articles	After Revision	Existing Provision	Explanation
	<p>use, an appraisal report issued by a professional appraiser (refers to real estate appraisers or other personnel who are allowed by law to engage in the business of appraising real estate and other fixed assets) shall be obtained prior to the date of the event for any acquisition or disposal of real estate, equipment or related right-of-use assets by the Company the amount for which is 20% of the Company's paid-in capital or NT\$300 million, and the following provisions shall be complied with:</p> <p>(I) 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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) 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</p>	<p>use, an appraisal report issued by a professional appraiser (refers to real estate appraisers or other personnel who are allowed by law to engage in the business of appraising real estate and other fixed assets) shall be obtained prior to the date of the event for any acquisition or disposal of real estate, equipment or related right-of-use assets by the Company the amount for which is 20% of the Company's paid-in capital or NT\$300 million, and the following provisions shall be complied with:</p> <p>(I) 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>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) 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</p>	<p>and Disposal of Assets by Public Companies".</p>

Articles	After Revision	Existing Provision	Explanation
	<p>perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. When 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. If the dollar amount of the transaction is 20 percent or more 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</p>	<p>perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation in Taiwan (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. When 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. If the dollar amount of the transaction is 20 percent or more 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</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>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 Statements on Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. When 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 the Company's 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 Statements on Auditing Standards No. 20 published by the ARDF.</p> <p>IV. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>V. The calculation of the transaction amounts shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding</p>	<p>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 Statements on Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. When 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 the Company's 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 Statements on Auditing Standards No. 20 published by the ARDF.</p> <p>IV. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>V. The calculation of the transaction amounts shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>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.</p>	<p>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.</p>	
<p>Article 5</p>	<p>Transactions with Affiliated Parties</p> <p>I. 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 these Disposition Procedures.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 and Article 12 herein.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. When the Company acquires or disposes of real estate or related right-of-use assets from or to a related party, or when it acquires or disposes of assets other than real estate or related right-of-use assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300</p>	<p>Transactions with Affiliated Parties</p> <p>I. 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 these Disposition Procedures.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 and Article 12 herein.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>II. When the Company acquires or disposes of real estate or related right-of-use assets from or to a related party, or when it acquires or disposes of assets other than real estate or related right-of-use assets from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300</p>	<p>Amended this article in accordance with the amendment to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles	After Revision	Existing Provision	Explanation
	<p>million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by more than half of the Audit Committee members and then submitted to the Board for approval:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) 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 and Paragraph 4 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a</p>	<p>million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company may not enter into any transaction contract or make a payment until the following matters have been approved by more than half of the Audit Committee members and then submitted to the Board for approval:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) 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 and Paragraph 4 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts in the previous paragraph shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of event of the current transaction. Items that have been approved by the board of directors and acknowledged by the Audit Committee in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 8, paragraph 5, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted</p>	<p>CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts in the previous paragraph shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of event of the current transaction. Items that have been approved by the board of directors and acknowledged by the Audit Committee in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 8, paragraph 5, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>for discussion by the board of directors pursuant to 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.</p> <p>Where an Audit Committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires recognition by the Audit Committee shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p><u>If the Article 5, paragraph 2 transaction occurs in the Company or its subsidiary that is not itself a public company in Taiwan and the transaction amount reaches 10% or more of the total assets of the Company, the Company shall submit the information listed in the Article 5, paragraph 2 to the shareholders' meeting for approval before entering into any transaction contract and making the payment. However, it is not applicable for the transaction of the Company with its parent company or subsidiary, or the transaction between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts in the Article 5, paragraph 2 and the previous paragraph shall be done in accordance with Article 31, paragraph 2 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, and "within the</u></p>	<p>for discussion by the board of directors pursuant to 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.</p> <p>Where an Audit Committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires recognition by the Audit Committee shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>III. Acquire real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage</p>	

Articles	After Revision	Existing Provision	Explanation
	<p><u>preceding year" as used herein refers to the year preceding the date of event of the current transaction. Items that have been submitted to the shareholders' meeting and the board of directors for approval and acknowledged by the Audit Committee in accordance with these Procedures need not be counted toward the transaction amount.</u></p> <p>III. Acquire real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p>	<p>on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(III) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(IV) When Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the (I) and (II) of this paragraph shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the second paragraph, and the preceding four subparagraphs of this paragraph do not apply:</p> <p>(I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>(II) More than 5 years will have elapsed from the time the related party signed the</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>(III) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(IV) When Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the (I) and (II) of this paragraph shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the second paragraph, and the preceding four subparagraphs of this paragraph do not apply:</p> <p>(I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>(II) 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.</p> <p>(III) 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.</p> <p>(IV) The real property right-of-use assets for business use are</p>	<p>contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>(III) 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.</p> <p>(IV) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>IV. When the results of a Company's appraisal conducted in accordance with the (I) and (II) of the preceding Paragraph are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>IV. When the results of a Company's appraisal conducted in accordance with the (I) and (II) of the preceding Paragraph are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2. Completed transactions by</p>	<p>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.</p> <p>2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(II) 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.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(II) 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.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>V. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in</p>	<p>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.</p> <p>V. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the paragraph 3 and 4 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>(II) Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(III) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>accordance with the paragraph 3 and 4 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>(II) Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(III) Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>When the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been</p>	<p>report and any investment prospectus.</p> <p>When the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two subparagraphs of this paragraph if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two subparagraphs of this paragraph if there is other evidence indicating that the acquisition was not an arms length transaction.</p>		
Article 9	<p>The deadline and information that should be disclosed and filed for the public announcement and filing procedure</p> <p>I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(I) 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.</p>	<p>The deadline and information that should be disclosed and filed for the public announcement and filing procedure</p> <p>I. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(I) 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.</p>	<p>Amended this article in accordance with the amendment to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles	After Revision	Existing Provision	Explanation
	<p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(V) 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 or more.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of</p>	<p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(V) 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 or more.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>the Company's paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.</u> 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (I) The amount of any individual transaction. (II) The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. (IV) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these</p>	<p>the Company's paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (I) The amount of any individual transaction. (II) The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. (IV) The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of</p>	

Articles	After Revision	Existing Provision	Explanation
	<p>Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>II. 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:</p> <p>(I) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(III) Change to the originally publicly announced and reported information.</p>	<p>derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>II. 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:</p> <p>(I) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(III) Change to the originally publicly announced and reported information.</p>	
Article 10	<p>The subsidiaries of the Company shall comply with the following regulations:</p> <p>I. The subsidiary shall establish the "Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>	<p>The subsidiaries of the Company shall comply with the following regulations:</p> <p>I. The subsidiary shall establish the "Procedures for Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>	Amend the subsidiary's procedures for establishing and handling the acquisition in response to the actual

Articles	After Revision	Existing Provision	Explanation
	<p>After the procedures have been approved by the board of directors of the subsidiary, then to the shareholders' meeting of both companies and the parent's board of director for approval; the same applies when the procedures are amended.</p> <p>II. When a subsidiary acquires or disposes of assets, it should also comply with the Company's regulations.</p> <p>III. Information required to be publicly announced and reported in accordance with the provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies on acquisitions or disposals of assets by a public company's subsidiary that is not itself a public company shall be reported by the public company.</p> <p>IV. In the public announcement and filing standards for subsidiaries, the term "20% of the Company's paid-in capital or 10% of the Company's total assets" refers to the parent company's paid-in capital or total assets.</p>	<p>After the procedures have been approved by the board of directors of the subsidiary, and then to the shareholders' meeting of both companies for approval; the same applies when the procedures are amended.</p> <p>II. When a subsidiary acquires or disposes of assets, it should also comply with the Company's regulations.</p> <p>III. Information required to be publicly announced and reported in accordance with the provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies on acquisitions or disposals of assets by a public company's subsidiary that is not itself a public company shall be reported by the public company.</p> <p>IV. In the public announcement and filing standards for subsidiaries, the term "20% of the Company's paid-in capital or 10% of the Company's total assets" refers to the parent company's paid-in capital or total assets.</p>	<p>operational needs of the subsidiary, and have these procedures approved by the board of directors of the subsidiary and the parent company.</p>
Article 13	<p>Implementation and amendments</p> <p>These Procedures shall be approved by the Audit Committee and then resolved by the board of directors, and shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.</p> <p>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Audit Committee or the board of directors meeting.</p> <p>Date of establishment: April 26, 2007</p>	<p>Implementation and amendments</p> <p>These Procedures shall be approved by the Audit Committee and then resolved by the board of directors, and shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.</p> <p>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Audit Committee or the board of directors meeting.</p> <p>Date of establishment: April 26, 2007</p>	<p>Add the eleventh amendment date.</p>

Articles	After Revision	Existing Provision	Explanation
	<p>The first amendment was made on August 9, 2007.</p> <p>The second amendment was made on June 16, 2009.</p> <p>The third amendment was made on June 18, 2010.</p> <p>The fourth amendment was made on June 19, 2012.</p> <p>The fifth amendment was made on June 13, 2013.</p> <p>The sixth amendment was made on June 13, 2014.</p> <p>The seventh amendment was made on June 09, 2015.</p> <p>The eighth amendment was made on June 08, 2017.</p> <p>The ninth amendment was made on June 13, 2019.</p> <p>The tenth amendment was made on June 11, 2021.</p> <p><u>The eleventh amendment was made on June 17, 2022.</u></p>	<p>The first amendment was made on August 9, 2007.</p> <p>The second amendment was made on June 16, 2009.</p> <p>The third amendment was made on June 18, 2010.</p> <p>The fourth amendment was made on June 19, 2012.</p> <p>The fifth amendment was made on June 13, 2013.</p> <p>The sixth amendment was made on June 13, 2014.</p> <p>The seventh amendment was made on June 09, 2015.</p> <p>The eighth amendment was made on June 08, 2017.</p> <p>The ninth amendment was made on June 13, 2019.</p> <p>The tenth amendment was made on June 11, 2021.</p>	

[Appendix V]

TSC Auto ID Technology Co., Ltd. Procedures for Election of Directors

- I. In accordance with the provisions of the Company Act and the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.
- II. This Company's directors shall be elected by adopting the candidate nomination system specified in the Company Act and the Company's Articles of Incorporation, and the shareholders shall elect the directors from the list of candidates.
The Company's directors shall be elected through a voting system in which the names of the electors shall be replaced by the attendance numbers printed on the ballots. The ballots shall be prepared by the board of directors. The form and contents of the ballots and the items to be filled in shall be based on the printed ballots, which shall not be added, deleted or altered by the electors. The ballots shall be put into the ballot box designated by the Chairperson. Except as provided in the preceding paragraph, shareholders may exercise their voting rights by correspondence or electronic means. The method shall be specified in the shareholders meeting notice.
- III. In the election of directors of the Company, unless otherwise provided in the Company's Articles of Incorporation, each share will have voting rights in number equal to the directors to be elected, and the board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected and shall distribute them to the shareholders. These ballots may be cast for a single candidate or split among multiple candidates.
- IV. The non-independent directors of the Company shall be elected by the shareholders' meeting from among the persons with disposing capacity. Independent directors shall be elected in accordance with the provisions of Article 5 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and the candidates who receive the most votes in accordance with the number of positions provided for in the Company's Articles of Incorporation shall be elected as directors. If the elected director declares that he/she has abstained before submitting the change of registration to the competent authority, the vacancy shall be filled by the person who received the next largest number of votes. In the event two or more candidates receive the same number of votes beyond a quota, the winner shall be determined by drawing lots. One lot may be drawn by the chairperson for each of the absentees.
- V. When the board of directors shall prepare the ballots by attendance card numbers. The number of voting rights associated with each ballot shall be specified on the ballots.
- VI. During the election, the chairperson shall appoint vote inspectors and vote counters to take charge of inspecting and counting the votes.
- VII. A ballot box shall be provided by the board of directors and shall be kept in public view by the vote inspector before the vote.
- VIII. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. Voters shall drop the

ballots into the ballot box. In the event a legal entity is a shareholder, both the full registered name of the legal entity and the name of its legal representative shall be entered on the ballot. If there are more than one legal representative, the names of the legal representatives should be entered separately.

- IX. Ballots shall be deemed void under the following conditions:
1. Ballots not prepared by this Company in accordance with these Rules.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 5. The voter cast votes for two or more candidates in the ballot.
 6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 7. No shareholder account number or shareholder account number (or identity card number) is provided in the ballot.
- X. The ballot box shall be set up by the board of directors for the election of directors and shall be opened by the vote inspector after the vote is completed.
- XI. The counting of votes will be monitored by the vote inspectors and the results will be announced by the chairperson immediately.
- XII. The board of directors shall issue notifications to the directors elected.
- XIII. The matters not covered by this Procedure shall be handled in accordance with the Company Act, the Company's Articles of Incorporation and relevant laws and regulations.
- XIV. This Procedure and any revision thereof shall become effective after approval at the shareholders' meeting.
- XV. This Procedure was established on June 13, 2007.
The first amendment was made on June 18, 2010.
The second amendment was made on June 8, 2017.

[Appendix VI]

TSC Auto ID Technology Co., Ltd. Shareholder Meeting Conference Rules

- I. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- II. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- III. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.
- IV. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- V. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the vice chairman shall act in place of the Chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- VI. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- VII. The shareholders meeting shall be documented by audio or video and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- VIII. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued

shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

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

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

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair shall be elected, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After close of the said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place.

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

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

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

- XI. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

- XIV. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient

time for voting.

XVI. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

XVII. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

XVII. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 177, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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

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

Except as otherwise provided in the Company Act and in the Company's Articles of

Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

- XVIII. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- XIX. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor." At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- XX. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules was established on August 9, 2007.

The first amendment was made on June 8, 2017.

The second amendment was made on July 23, 2021.

[Appendix VII]

Articles of Incorporation of TSC Auto ID Technology Co., Ltd. (Before Amended)

Chapter I General Provisions

Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 鼎翰科技股份有限公司 in the Chinese language, and TSC Auto ID Technology Co., Ltd. in the English language.

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

1. CC01080 Manufacture of Electronic Parts and Components
2. CB01020 Office Machines Manufacturing
3. CC01110 Computers and Computing Peripheral Equipments Manufacturing
4. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
5. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may provide mutual endorsements/guarantees for another company in the same industry for the business purpose.

The reinvestment of the Company shall be resolved by the board of directors. The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-in capital as provided in Article 13 of the Company Act.

The headquarters of this Company shall be located in New Taipei City. If the Company considers it necessary, it may, by a resolution adopted at a meeting by the board of directors, set up branch offices in Taiwan or abroad.

Chapter II Capital Stocks

Article 6: The total capital stock of the Company shall be in the amount of 800,000,000 New Taiwan Dollars, divided into 80,000,000 shares, at ten New Taiwan Dollars each. The board of directors is authorized to issue the shares in installments, some of which may be preferred shares. The Company reserves NT\$80 million capital described in the preceding paragraph, divided into 8 million shares at NT\$10 per share, for the issuance of employee stock warrants. The employee stock warrants may be issued in installments as resolved by the board of directors, and the subscription price may be lower than the closing price on the issue date. The Company's employee stock warrants shall be issued to employees of the parent or subsidiaries of the Company meeting certain specific requirements. These requirements are determined by the board of directors.

Article 6-1: The rights and obligations of the preferred shares of the Company and other important conditions for issuance are shown below:

- (I) Dividends for preferred shares shall be set at no more than 8% per annum. Dividends for preferred shares shall be calculated on the offering price per share and will be paid in cash once a year. After the ratification of the financial statements and the appropriation of the earnings by the annual regular shareholders' meeting, the Board shall set the dividend day for the distribution of dividends of the previous fiscal year. The distribution of dividends in the year of offering and the year of redemption shall be based on the quantity of the issuing day.

- (II) The Company is discretionary in payment of stock dividend for preferred shares. If the Company has no earnings in particular year, or the earnings are insufficient for dividend payment, or otherwise necessary, the Company may decide not to pay dividends on preferred shares by resolution of the shareholders' meeting, and this will not become a cause of default. If the preferred shares so issued are the non-accumulative type, the dividends not being distributed or inadequate amount of dividends shall not be accumulated to deferred payments with subsequent years in which the Company has earnings.
- (III) Further to the entitlement of dividend stated in Subparagraph 1, the holders of preferred shares are not entitled to cash dividend or stock dividend for common stocks through for cash payment or capitalization of retained earnings and capital reserve.
- (IV) Holders of preferred shares issued by the Company have the priority to distribution of residual assets over the holders of common stocks up to the amount of the issued price of the outstanding preferred shares at the time of issuance, and its preferential order to receive indemnification is the same as that of shareholders of various preferred shares issued by the Company, all of which are next to those of general creditors.
- (V) Holders of preferred shares are not entitled to vote and taking part in the election but could be elected as Directors, and are entitled to vote only in the Shareholders' Meeting of preferred shares and session of the Shareholders' Meeting related to the rights and obligations of the holders of preferred shares.
- (VI) No conversion of the convertible preferred shares issued by the Company within 1 year from the day of offering. The timing for conversion shall be determined by the Board as an integral part of the condition of offering under authorization. Holders of convertible preferred shares may apply for conversion of preferred shares in their holding to common stocks in whole or in part as stated in the conditions of offering at the ratio of 1 preferred share to 1 common stock (conversion ratio is 1:1). After the conversion of preferred shares to common stocks, the rights and obligations shall be the same as common stocks. The payment of dividend in the year of conversion of preferred shares shall be based on the exact number of outstanding days of the shares in proportion to the number of days in the year in the calculation. However, preferred shares converted to common stocks prior to the ex-right (dividend) day are not entitled to the payment of dividend for preferred shares in the year of payment and payment in subsequent years, but are entitled to the payment of dividend of common stocks from earnings and capital reserve.
- (VII) For the holders of the preferred shares with no maturity date, they may not claim for the redemption of the shares. The Company may redeem the outstanding preferred shares in whole or in part from the day after the 5th anniversary of the offering of preferred shares at the original offering price at any time. The preferred shares not being redeemed still be granted the rights and obligations as mentioned in preceding subparagraphs. Where the Company may determine to pay stock dividend in particular year, the payable dividend to the deadline of redemption shall be calculated on the exact number of outstanding days.

The Board shall be authorized to assign the title, issuing date and the terms and conditions for the offering of preferred shares at the time of offering pending on the situation of the capital market and the willingness of the investors and in

accordance with the Articles of Incorporation of the Company and other applicable legal rules.

Article 7: When the Company issues new shares, there shall be ten to fifteen percent of such new shares reserved for subscription by the employees of parent or subsidiaries of the Company meeting certain specific requirements, and such specific requirements are authorized to be set by the board of directors.

Article 8: The Company's stocks are changed to be registered with names. Issuance has to be signed or sealed by three directors of the Company, and shall be underwritten in accordance with the laws. After the Company has publicly listed, it may be exempted from printing any share certificate for the shares issued, but it shall register the issued shares with a centralized securities depository enterprise.

Article 9: No transfer of shares shall be handled within thirty days prior to a regular shareholders' meeting, or within fifteen days prior to a special shareholders' meeting, or within five days prior to allocation of dividend bonus or any other benefits.

After the Company has been publicly listed, no transfer of shares shall be handled within sixty days prior to a regular shareholders' meeting, or within thirty days prior to a special shareholders' meeting, or within five days prior to allocation of dividend bonus or any other benefits in accordance with the Article 165 of the Company Act.

Article 10: The Company's stock matters shall be handled in accordance with the relevant laws and regulations by the competent authority.

Chapter III Shareholders' Meeting

Article 11: The meeting of shareholders includes the regular meeting of shareholders and special meeting of shareholders. The regular meetings shall be convened once a year within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China, while the Extraordinary General meeting of shareholders will be held when necessary.

Article 12: In the event that a shareholder is unable to attend a shareholders' meeting for any reason, in addition to the provisions of Articles 177, 177-1 and 177-2 of the Company Act, upon the Company being publicly listed, the Company shall also comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" as promulgated by the Financial Supervisory Commission, Executive Yuan.

Article 13: Shareholders are entitled to one vote per share. The resolutions reached in the meeting of shareholders, unless otherwise provided in the relevant laws and regulations, must be with the majority votes of the attending shareholders and the shareholdings of the attending shareholders is over one half of the total number of shares issued. However, this does not apply to the preferred shares with no voting rights issued by the Company.

Article 13-1: If the Company proposes to withdraw from being publicly listed, the Company shall, in addition to obtaining the approval from the board of directors, a resolution in the shareholders' meeting shall be resolved by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares before proceeding with the withdrawal of being publicly listed.

Article 14: The resolutions of the shareholders' meeting shall be signed or sealed by the chairperson, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The minutes referred to in the preceding paragraph shall be distributed in accordance with the Company Act.

Chapter IV Directors and Audit Committee

Article 15 : The Company's Board is composed of 7 directors elected among the competent individuals in the meeting of shareholders for a 3-year tenure and can be reelected. After the

Company has been publicly listed, the minimum total registered shares owned by all directors shall be subject to the provisions of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

Article 15-1: After the Company has been publicly issued, the number of independent directors shall not be less than two and shall not be less than one-fifth of all directors. The Company shall adopt a candidate nomination system for the election of non-independent directors and independent directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities.

Article 15-2: The election of directors of the Company shall be conducted in accordance with the "Procedures for Election of Directors". The open-ballot, cumulative voting method will be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. In the event that there is a need to amend the Procedures, in addition to the provisions of Article 172 of the Company Act, the comparison table of the amendments shall be listed in the convening reason. The independent directors and non-independent directors shall be elected at the same time, but in separately calculated numbers.

Article 16: The board of directors shall consist of directors of the Company, and the chairman of the board of directors shall be elected by a majority of directors in attendance at a meeting attended by over two-thirds of the board of directors. The chairman of the board of directors shall represent this Company in external matters. Board of Directors Meeting shall be convened at least once per quarter. The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice of the meeting may be made by electronic mail or facsimile transmission. 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.

Article 17: Where the chairman of the board of directors is on leave or cannot exercise his powers or perform his duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act.

Article 18: Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by one-half of the directors at a meeting attended by one-half of the directors. Where a director is unable to attend the meeting of the board of directors, he/she may appoint another director as his/her proxy to attend the meeting by issuing a letter of proxy. The meeting minutes of the Board of Directors shall be made. Each director can act as a proxy for only one other director.

Article 19: The authority of the Board of Directors shall be governed by the provisions of the Company Act and other relevant laws and regulations.

Article 20: The Company shall establish an Audit Committee, which shall consist of all independent directors. Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Company when the Audit Committee exercises its powers shall be prescribed separately in the Audit Committee Charter.

Powers conferred by the Company Act, the Securities and Exchange Act and any other law to be exercised by supervisors, excepting those powers set out in Article 14-4, paragraph 4, of the Securities and Exchange Act, shall be exercised by the

Audit Committee.

The provisions of Article 14-4, paragraph 4, of the Securities and Exchange Act concerning provisions of the Company Act concerning acts done by supervisors, and the role of supervisors as representatives of the Company, shall apply mutatis mutandis to the independent director members on the Audit Committee.

Article 21: The Company may pay remuneration to the directors of the Company when they perform the duties of the Company. The remuneration shall be based on the standards of the industry no matter whether the Company has profit or suffered loss. When the Company has a surplus, the Company shall also distribute the remuneration to the directors in accordance with the provisions of Article 25.

Article 22: In order to provide a liability insurance system for directors and to reduce the risks arising from the execution of their duties, the Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship after each term of election.

Chapter V Managers

Article 23: The Company shall appoint managers, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 24: The Company's fiscal year is starting from January 1 until December 31 of every calendar year. The final account closing shall be conducted at end of every fiscal year. The board of directors shall prepare the following statements and submit them to the regular shareholders' meeting for ratification in accordance with the laws.

(I) Business report.

(II) Financial statements.

(III) Proposal of surplus earning distribution or loss off-setting.

Article 25: In case of profits during the year, the Company shall allocate at least 2% but no more than 10% of the profits as employees' remuneration. The employees' remuneration is issued in cash or wish shares according to the decision by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to 5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. However, profits must first be retained to offset cumulated losses, if any. The remaining balance can then be allocated for employee remuneration and director remuneration at the above percentages.

Article 25-1: Any earnings for the year should be used to pay taxes according to laws, offset losses from prior years and then appropriate 10% as legal reserve and recognize or reverse any special reserves required by laws. After distributing dividends on preferred shares in accordance with Article 6-1 of the Articles of Incorporation, the remaining balance, along with accumulated and undistributed earnings from the previous year, may be reserved for business needs before distributing dividends to ordinary shareholders. The Company is currently in a growth stage of its life cycle, and in order to cater to future capital requirements and business prospects, all shareholder dividends are to be proposed by the board of directors as part of an earnings appropriation plan, and resolved in a shareholder meeting. In principle, the percentage of earnings to be distributed according to the resolution may not be lower than 10% of the distributable earnings for the year. Dividends may be issued in cash or shares. The percentage of dividends distributed in cash may not be lower than 10% of the total dividends. However, stock dividends will be issued in lieu of cash dividends below NT\$0.2 per

share. The rights, obligations, order of distribution, amount and manner of distribution of the preferred shares of the Company shall be governed by the preferred shares provisions of the Articles of Incorporation.

Chapter VII Miscellaneous

Article 26: Any matters not provided for by these Articles of Incorporation shall be subject to the provisions of the Company Act.

Article 27: This Article of Incorporation was established on March 7, 2007.

The first amendment was made on April 26, 2007.

The second amendment was made on May 21, 2007.

The third amendment was made on June 13, 2007.

The fourth amendment was made on May 15, 2008.

The fifth amendment was made on June 16, 2009.

The sixth amendment was made on June 18, 2010.

The seventh amendment was made on June 19, 2012.

The eighth amendment was made on June 13, 2013.

The ninth amendment was made on June 7, 2016.

The tenth amendment was made on June 8, 2017.

The eleventh amendment was made on June 13, 2019.

The twelfth amendment was made on July 23, 2021.

[Appendix VIII] Effect upon Business Performance, Earnings Per Share and Return On Shareholders' Investment of the Company's Stock Dividend Distribution

Unit: NT\$1,000; NT\$ for earnings per share

Item		Year	2022 (estimation)
Paid-in capital at the beginning			424,769
Dividend and stock dividend this year	Cash dividend per share (Note 1)		NT\$11.
	Stock dividend from retained earnings transferred to capital increase		0 share
	Stock dividend from capital reserve transferred to capital increase		NT\$0
Changes to operating performances (Note 2)	Operating profit		Not applicable
	Increasing (decreasing) percentage of operating profit compared with the same period last year		Not applicable
	Net profit after tax		Not applicable
	Increasing (decreasing) percentage of net profit after tax compared with the same period last year		Not applicable
	Earnings per Share		Not applicable
	Increasing (decreasing) percentage of earnings per share compared with the same period last year		Not applicable
	Annual average rate on investment (reciprocal of annual price-earnings ratio)		Not applicable
Proforma earnings per share and price-earnings ratio (Note 2)	If all the retained earnings transferred to capital increase were distributed by cash dividend	Proforma earnings per share	Not applicable
		Proforma annual average rate on investment	Not applicable
	If capital reserve transferred to capital increase was not conducted	Proforma earnings per share	Not applicable
		Proforma annual average rate on investment	Not applicable
	If capital reserve transferred to capital increase and all the retained earnings transferred to capital increase distributed by cash dividend were not conducted	Proforma earnings per share	Not applicable
		Proforma annual average rate on investment	Not applicable

Note 1: To be resolved at 2022 Regular Shareholders' Meeting.

Note 2: The Company is not required to disclose the financial forecast information for 2021 in accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies" and is therefore not applicable.

[Appendix IX] Information on the Shareholdings of the Company's Directors

I. The number of shares outstanding on April 19, 2022 was 42,476,940, and the minimum number of shares to be held by all directors was 3,600,000 in accordance with Article 26 of the Securities and Exchange Act.

II. The number of shares held by all directors as of April 19, 2022, date for suspension of share transfer for this regular shareholders' meeting, is as follows:

Title	Name	Date elected	Shareholding when elected			Current shareholding			Remarks
			Type of share	No. of shares	% of share issued at the time	Type of share	No. of shares	% of share issued at the time	
Chairman	Wang Shiu Ting	June 13, 2019	Ordinary share	672,713	1.74%	Ordinary share	739,984	1.74%	
Director	Wang Hsing Lei	June 13, 2019	Ordinary share	130,204	0.34%	Ordinary share	183,304	0.43%	
Director	Corporate representative of Taiwan Semiconductor Manufacturing Co., Ltd.: Luo Yue Gui	June 13, 2019	Ordinary share	14,048,343	36.44%	Ordinary share	15,453,177	36.38%	
Independent Director	Ma Chia Ying	June 13, 2019	Ordinary share	0	-	Ordinary share	0	-	
Independent Director	Li Chun Chi	June 13, 2019	Ordinary share	0	-	Ordinary share	0	-	
Independent Director	Wu Chi Ming	June 13, 2019	Ordinary share	0	-	Ordinary share	0	-	
Total				14,851,260	38.52%		16,376,465	38.55%	

Total number of shares outstanding at the time of election on June 13, 2019: 38,555,400 shares

[Appendix X] Other Explanations

Explanation on the acceptance of shareholders' proposals at this regular shareholders' meeting:

Explanation:

- I. Pursuant to Article 172-1 of the Company Act, a shareholder holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words. In case a proposal contains more than one matter, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- II. The period for accepting the shareholders' proposal for this year's regular shareholders' meeting is from March 29, 2022 to April 8, 2022. The Company has announced the acceptance of the proposal on the Market Observation Post System in accordance with the laws.
- III. The Company did not receive any proposals from shareholders during the aforesaid period of accepting proposals.