

# **Arcadyan Technology Corporation**

## **2021 Annual General Shareholders' Meeting Meeting Handbook**

Date: June 16, 2021

Venue: No. 8, Section 2, Guangfu Road, Hsinchu City

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.

---

# Contents

---

	Page
I. Meeting Procedure-----	1
II. Meeting Agenda-----	2
III. Report items -----	3
IV. Ratification Items -----	21
V. Discussion Items -----	32
VI. Extraordinary Motions -----	41
VII. Appendices	
1. Rules of Procedure for Shareholders' Meeting -----	42
2. Articles of Incorporation-----	47
3. Procedures for Acquisition or Disposal of Assets (Before Amendment)-----	53
4. Shareholdings of Directors of the Company -----	77
5. Other Matters for Explanation -----	78

# Meeting Procedure

# **Arcadyan Technology Corporation**

## **2021 Annual General Shareholders' Meeting Procedure**

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Meeting Adjourned

# Agenda of Annual General Shareholders' Meeting

# **Arcadyan Technology Corporation**

## **2021 Annual General Shareholders' Meeting Agenda**

**Time:** 9 am on June 16 (Wednesday), 2021

**Venue:** No. 8, Section 2, Guangfu Road, Hsinchu City

### **I. Chairman's Address**

### **II. Report Items**

1. Report on the business status of 2020.
2. Audit Committee's review report of 2020.
3. Report on the distribution of remuneration to employees and directors of 2020.
4. Report on the earnings distribution of cash dividends of 2020.
5. Report on cash distribution from capital surplus.

### **III. Ratification Items**

1. To ratify the business report and financial statements of 2020.
2. To ratify the earnings distribution of 2020.

### **IV. Discussion Items**

1. To approve the amendment to the "Procedures for Acquisition or Disposal of Assets".
2. To approve the release of non-competition restrictions for directors of the Company.

### **V. Extraordinary Motions**

### **VI. Meeting Adjourned**

# Report Items

**Item 1**

Proposed by the Board of Directors

Subject: Report on the business status of 2020.

Explanatory Note: The Business Report of 2020 is attached (please refer to page 4 to page 7).



# Business Report

## 1. Business Results of 2020

### (1) Business Plan Implementation Results and Budget Plan Implementation Status

In 2020, the Company's consolidated net operating income for the whole year was NT\$33,765,295 thousand, representing an annual increase of 2.6%. The net operating profit and after tax net profit were NT \$2,283,477 thousand and NT\$1,630,605 thousand respectively, and the after tax earnings per share was NT\$8.36.

### (2) Financial Status and Profitability

The financial operation of the Company adheres to the principle of steadiness, and the use of long-term and short-term funds are properly planned according to the Company's operating conditions. The current ratio in 2020 was 161% and the debt ratio was 58%; the financial structure was sound.

In 2020, the profit was NT\$1,630,605 thousand, the return on assets was 6.0%, and the return on equity was 14.0%.

### (3) Progress in Research and Development

A. The developed products are including: Whole Home Wifi (Wifi Mesh Network) solution, 4G/LTE Small Cell integrated SON (Self Organizing Network) features, Indoor and Outdoor LTE Routers/Gateways, 802.11ax and 802.11ac (Single-band, Dual-band and Tri-band) Wireless Routers, 802.11ax and 802.11ac VDSL Routers, Repeaters used to expand Wifi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), GPON OLT/ONT Fiber products, and DOCSIS 3.1 & 3.0 Cable Modems.

B. Keep integrating and optimizing the new functions into the next generation IAD, such as Zigbee, Z-wave, BLE, DECT ULE and NFC, and introducing AI (Artificial Intelligence) algorithm, Intelligent Diagnostic functions and IEEE1905.1 Multi-interfaces Management System.

C. Target to develop 5G CPE (Customer Premise Equipment), 5G Small Cell, Smart Home Gateway plus IOT (Internet of Things) applications, AI/Big Data/Cloud computing integration technology.

## 2. 2021 Business Prospects

### (1) Operating Strategy

A. Keep enlarging the existing telecom market share and developing new telecom customers in emerging markets; expanding the product categories of existing telecom customers, from fixed line to optical fiber products; providing the rapid customized products and services to all customers; and supporting the customers to design and develop competitive products by their needs, in order to efficiently make market segmentation for them.

- B. Strengthen the technical capability of software and hardware on Android TV OTT and IP-STB; develop the next generation products, new markets and new customers for Android TV OTT/IP-STB; and optimize the profit rate on above-mentioned product portfolio.
- C. Expansion of the MSO (Multiple System Operator) market share and enhanced market positioning, active development of new customers, expansion of Cable Modem production lines, and increased product penetration rates at the customer end through the provision of added-value services.
- D Proactive development of new product categories such as Smart Home, Internet of Things (IOT), Artificial Intelligence (AI), 76GHz-80GHz vehicle-mounted Blind Spot Detection (BSD) Active Warning Radar; implementation of research on commercially viable applications of derived technologies, initiatives in sync with the development of 5G technology, ongoing development of new-generation 5G CPE products, and deep commitment to the 5G/4G LTE small-cell market.
- E. Cooperate with local technical suppliers in each market segment and country, to penetrate the local telecom markets together.
- F. Technical collaborate with the key chipset vendors and front-end suppliers to lead new technology trend and penetrate the product markets together.
- G. Keep scaling up the capacity of Vietnam manufacturing site, and optimizing the capacity transferring between our China manufacturing site and Vietnam manufacturing site, in order to maximum reduce the business impacts of the new coronavirus (COVID-19) and the tariff war.

## (2) Expected Sales Overview

In line with the rapidly increasing global demand for remote work and cloud applications due to the impact of the COVID-19 epidemic and against the backdrop of the ongoing expansion of broadband infrastructure installations, growth in the field of networking devices will be maintained. It is projected that the output volume of broadband wireless networking devices will increase by 5%~10% in 2021.

## (3) Key Production and Marketing Policies

- A. In the next stage of product planning, we will continue to develop gateways supporting Smart Home and IOT functions, built-in wireless modules for consumer multimedia products (such as Smart TV and home voice assistant), high-level CPE required by ISP providers such as 5G Terminal Equipment and IAD that support fixed mobile convergence and Small-Cell and MEC switches that support 5G O-RAN architecture, high-end Android TV OTT/IP STB with ultra-high resolution (4K) and high dynamic range imaging (HDR), new-generation cable modem routers, and 76GHz-80GHz vehicle-mounted Blind Spot Detection (BSD) Active Warning Radar. Smart CPE with adopted AI computing and big data cloud analysis represents another focus of our R&D efforts.
- B. Keep expanding the JDM business scale to gain the advantage of a greater economic scale, scaling up the production capacity of the Vietnam manufacturing site, appropriately diversifying the overseas production risk, and enhancing the manufacturing flexibility by above-mentioned multiple manufacturing sites.

C. Increase the sales proportion of high-margin and high-price products.

### 3. Future Development Strategy and Impact of External Competition Environment, Regulatory Environment and Overall Business Environment

#### (1) Future Development Strategy of the Company

Currently, Arcadyan is doing well in the telecom market. Although it takes time to develop new business in the telecom market, the entry barriers for our competitors are also high. Therefore, we will keep focusing on the new business development in the telecom market, developing our self-own software codebases, and establishing a reliable Triple Play Enable software platform. In addition, Android TV OTT and IP STB have become our key product lines to develop. From the view of the business side, we will continue to explore new markets and new customers; from the view of technology side, we will enhance the integration between software, hardware, and whole system. Moreover, with the advent of the 5G era, Arcadyan has been following the latest 3GPP standards and actively developing 5G Small Cells, integrating fixed and mobile networks, and building our self-own technology for the 5G cross-domain ecosystem. This will make us to respond to the latest market demands immediately and cut in new customers quickly. In the future, we will dig out the market demands deeply, stay with the development trend of Triple Play closely, and integrate above technology into the applications of smart handheld devices. We are also targeting at the fields of Smart Home, IOT, IOV, AI analysis and cloud computing, and further invest in the developments of 5G, IAD, IP STB/Android TV OTT, GPON and NG-PON2 Fiber broadband to provide the total solutions to all customers.

#### (2) Impact of External Competition, Regulatory Environment and Overall Business Environment

With the diversification of network services and the development of multimedia applications such as video on demand, the global consumer demand for higher bandwidth continues to increase, and the number of global broadband users are growing rapidly as well. With the increasing popularity of broadband communication and the global commitment to the wide coverage of 4G and the quick introducing of 5G, more and more Networking equipment manufacturers and major EMS providers have invested in the related products, developing process, and manufacturing procedure. It has led to a sharp increase in the overall market and price competition. In addition, at present, the Chinese market leads the world in 5G technology evolution and demand popularization, which also drives the growth and competitive advantage of Chinese Networking device manufacturers. In line with the rapidly increasing global demand for remote work and cloud applications during the COVID-19 epidemic, business opportunities in the field of terminal applications such as laptops and tablets grow at a feverish rate. The added impact of the dramatically rising demand for new technology installations (AI, 5G, and IoT) worldwide has resulted in a situation of demand exceeding supply in the area of wafers, panels, and passive components. It is increasingly difficult for network communication equipment providers to maintain a firm grasp of material conditions. Tightening supply of supply chain components and extended delivery periods result in lengthened lead times. In addition, there has been a global shortage of containers since 2020, which has caused constantly rising transportation costs. It is therefore projected that the Company will face more and more arduous competition challenges in all fields of its operations in the future. Therefore, the Company will continue to improve its product technologies, strengthen supply chain management and adaptability, build multi-regional

manufacturing capacities, advance cost competitiveness, enhance the competitive edge in the field of time to market, and actively develop, cultivate, and maintain cooperative relationships based on mutual benefit with telecom customers with the ultimate goal of expanding our market share.

#### 4. Conclusion

Finally, we would like to extend our most sincere thanks to all shareholders for your long-term support. All employees of Arcadyan will continue to strengthen our R&D and market development on the basis of existing technical core competence and competitive advantage, effectively integrate and utilize our resources, continue to work toward the Company's growth and prosperity, and create maximum benefits for the Company and its shareholders. At the same time, we also hope all shareholders can continue to give encouragement and advice to our management team.

Your truly,

Chen Jui-Tsung, Chairman of the Board

Tseng Chao-Peng, Chief Executive Officer

Huang Shih-Wei, Chief Accounting Officer

## Item 2

Proposed by the Board of Directors

Subject: Audit Committee's review report of 2020.

Explanatory Notes:

1. The financial statements of 2020 have been audited by the Independent Auditors and Independent Auditors' Report was issued. In addition, the business report and the proposal for distribution of earnings of 2020 have been reviewed and examined by the Audit Committee, and the review report was issued.
2. The Independent Auditors' Report is attached (please refer to page 9 to page 16).
3. The Audit Committee's review report is attached (please refer to page 17).



安侯建業聯合會計師事務所

**KPMG**

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## Independent Auditor's Report

To the Board of Directors of Arcadyan Technology Corporation:

### Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Inventory valuation

Please refer to Note (4)(h) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainly of the valuation of inventory, respectively. Information regarding the inventory is shown in Note (6)(f) of the consolidated financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. Arcadyan Technology Corporation and its subsidiaries is primarily engaged in the research, development, manufacture and sale of integrated access devices, wireless networking products, digital home multimedia devices, mobile broadband products and wireless audio/video products. The significant change in supply and competitive market of demand may cause fluctuation in product price. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included : assessing the rationality of Arcadyan Technology Corporation and its subsidiaries's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting Arcadyan Technology Corporation and its subsidiaries's inventory aging reports' accuracy and analyzing the changes of inventory aging which are in accordance with Arcadyan Technology Corporation and its subsidiaries's accounting policies; sampling and inspecting Arcadyan Technology Corporation and its subsidiaries's sales price, as well as verifying the calculation of the lower of cost or net realizable value; and assessing the disclosure of provision for inventory valuation and obsolescence was appropriate.

## 2. Provisions

Please refer to Note (4)(n) and Note (5) for the accounting policy of provisions, as well as the estimation and assumption uncertainly of provisions, respectively. Information regarding the provisions is disclosed in Note (6)(o) of the consolidated financial statements.

Description of key audit matters:

Assessment of provisions is subject to significant judgment and estimation from management. Accounting assumption is based on the historical experience of provision expenses as a percentage of sales.

How the matter was addressed in our audit:

Our principal audit procedures included : understanding the method of estimation of provision, the sources of the data; confirming the policy of Group whether it is in accordance with the accounting principles; confirming whether the accounting estimates were conducted and the disclosure of provision was appropriate; performing retrospective testing for the amount of provision, testing the method of estimation, and recalculating the rationality of amount of provision.

## **Other Matter**

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Arcadyan Technology Corporation and its subsidiaries's financial reporting process.

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

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

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

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



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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Hsin-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

#### **Notes to Readers**

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

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



安侯建業聯合會計師事務所

**KPMG**

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## Independent Auditor's Report

To the Board of Directors of Arcadyan Technology Corporation

### Opinion

We have audited the financial statements of Arcadyan Technology Corporation (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Inventory valuation

Please refer to Note (4)(g) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainly of the valuation of inventory, respectively. Information regarding the inventory is shown in Note (6)(f) of the financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia devices and mobile broadband products. The significant change in supply and competitive market of demand may cause fluctuation in product price. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included : assessing the rationality of the Company's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting the Company's inventory aging reports' accuracy and analyzing the changes of inventory aging which are in accordance with the Company's accounting policies; sampling and inspecting the Company's sales price, as well as verifying the calculation of the lower of cost or net realizable value; and assessing the disclosure of provision for inventory valuation and obsolescence was appropriate.

2. Provisions

Please refer to Note (4)(n) and Note (5) for the accounting policy of provisions, as well as the estimation and assumption uncertainly of provisions, respectively. Information regarding the provisions is shown in Note (6)(n) of the financial statements.

Description of key audit matters:

Assessment of provisions is subject to significant judgment and estimation from management. Accounting assumption is based on the historical experience of provision expenses as a percentage of sales.

How the matter was addressed in our audit:

Our principal audit procedures included : understanding the method of estimation of provision, the sources of the data; confirming the policy of Company whether it is in accordance with the accounting principles; confirming whether the accounting estimates were conducted and the disclosure of provision was appropriate; performing retrospective testing for the amount of provision, testing the method of estimation, and recalculating the rationality of amount of provision.

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Hsin-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2021

#### **Notes to Readers**

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

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

## Audit Committee's Review Report

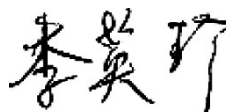
The Company's 2020 financial statements have been approved by the board of directors. Szu-Chuan Chien and Hsin-Fu Yen, the certified public accountants of KPMG, have completed the audit of the financial statements. In addition, the board of directors has prepared and submitted the Company's 2020 business report and the proposal for distribution of earnings. We, the Audit Committee, has duly examined and determined such business report and proposal for distribution of earnings to be in line with the requirements under the Company Act and relevant laws and regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report.

To:

The 2021 Annual General Shareholders' Meeting of the Company

Arcadyan Technology Corporation

Chairman of Audit Committee:



March 17, 2021

### **Item 3**

Proposed by the Board of Directors

Subject: Report on distribution of remuneration to employees and directors of 2020.

Explanatory Notes:

1. In accordance with Article 27 of the Articles of Incorporation of the Company.
2. The remunerations to employees and directors of 2020 were NT\$262,879,744 and NT\$16,875,506 respectively, both of which were paid in cash. There were no difference between the amounts and those recognized in financial statements of 2020.

#### Item 4

Proposed by the Board of Directors

Subject: Report on the earnings distribution of cash dividends of 2020.

Explanation notes:

1. In accordance with the Company Act and Article 27-1 of the Articles of Incorporation of the company, the Company authorizes the board of directors to distribute dividend in the form of cash, after a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors, and shall report such distribution to the shareholders' meeting.
2. The total amount of dividends for the year 2020 to be distributed to shareholders was NT\$1,146,071,245, all of which was paid in cash, at NT\$5.5 per share. (Due to conversion of unsecured convertible bonds of the Company into common stock, there is a change in the number of shares entitling holders to participate in the distribution. Dividends will therefore be adjusted to NT\$ 5.49873625 per share accordingly.)
3. Cash dividends were already paid on May 14, 2021.



## Item 5

Proposed by the Board of Directors

Subject: Report on cash distribution from capital surplus.

Explanatory Notes:

1. In accordance with the Company Act and Article 27-1 of the Articles of Incorporation of the company, the Company authorizes the board of directors to distribute capital surplus in the form of cash, after a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors, and shall report such distribution to the shareholders' meeting.
2. In accordance with Article 241 of the Company Act, the board of directors adopted by resolution of a cash distribution in the amount of NT\$208,376,590 from capital surplus derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The distribution was NT\$1.0 per share, based on the holdings of shareholders as recorded in the shareholders roster on the record date of the cash distribution. (Due to conversion of unsecured convertible bonds of the Company into common stock, there is a change in the number of shares entitling holders to participate in the distribution. Cash distribution from capital surplus will therefore be adjusted to NT\$ 0.99977022 per share accordingly.)
3. Cash distribution from capital surplus were already paid on May 14, 2021.

# Ratification Items

## **Item 1**

Proposed by the Board of Directors

Proposal: To ratify the business report and financial statements of 2020.

Explanatory Notes:

1. The Company's business report and financial statements of 2020 have been examined by the Audit Committee and adopted by resolution of the board of directors (the earnings distribution proposal is listed as Item 2 of the Ratification items).
2. The financial statements (please refer to page 22 to page 29) and the business report (please refer to page 4 to page 7) are attached for ratification.

Resolution:

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

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>											
1100	Cash and cash equivalents	\$ 9,079,768	32	7,607,559	30	2100	Short-term borrowings	\$ 707,795	3	519,038	2
1110	Current financial assets at fair value through profit or loss	272,743	1	15,455	-	2120	Current financial liabilities at fair value through profit or loss	54,417	-	5,414	-
1139	Current financial assets for hedging	-	-	61	-	2126	Current financial liabilities for hedging	2,192	-	4,932	-
1170	Notes and accounts receivable, net	6,912,464	24	6,106,597	24	2171	Accounts payable(including related parties)	10,334,606	36	8,222,862	32
1200	Other receivables(including related parties)	160,521	1	208,524	1	2200	Other payables(including related parties)	2,575,057	9	1,537,265	6
1310	Inventories, net	8,026,596	28	7,811,724	30	2230	Current tax liabilities	395,660	1	532,947	2
1410	Prepayments	145,188	-	162,505	1	2250	Current provisions	659,377	2	602,319	2
1470	Other current assets	124,642	-	140,410	-	2280	Current lease liabilities	83,370	-	143,453	-
		<u>24,721,922</u>	<u>86</u>	<u>22,052,835</u>	<u>86</u>	2300	Other current liabilities	<u>556,454</u>	<u>2</u>	<u>1,476,576</u>	<u>7</u>
								<u>15,368,928</u>	<u>53</u>	<u>13,044,806</u>	<u>51</u>
<b>Non-current assets:</b>											
1550	Investments accounted for using equity method	338,590	1	348,250	1		<b>Non-Current liabilities:</b>				
1511	Non-current financial assets at fair value through profit or loss	42,840	-	44,262	-	2530	Bonds payable	980,219	4	966,492	4
1517	Non-current financial assets at fair value through other comprehensive income	31,135	-	49,500	-	2570	Deferred tax liabilities	97,445	-	68,706	-
1600	Property, plant and equipment	2,518,009	9	2,312,578	10	2580	Non-current lease liabilities	297,446	1	13,354	-
1755	Right-of-use assets	723,424	3	147,810	1	2640	Non-current net defined benefit liability	99,119	-	94,911	-
1780	Intangible assets	75,300	-	66,878	-	2670	Other non-current liabilities	2,073	-	1,782	-
1840	Deferred tax assets	306,530	1	364,440	1			<u>1,476,302</u>	<u>5</u>	<u>1,145,245</u>	<u>4</u>
1900	Other non-current assets	49,476	-	144,432	1		<b>Total liabilities</b>	<u>16,845,230</u>	<u>58</u>	<u>14,190,051</u>	<u>55</u>
		<u>4,085,304</u>	<u>14</u>	<u>3,478,150</u>	<u>14</u>		<b>Equity attributable to owners of parent:</b>				
						3110	Ordinary share	2,084,095	8	2,085,350	8
						3200	Capital surplus	3,661,594	13	3,703,916	14
						3300	Retained earnings	6,106,197	21	5,335,400	21
						3410	Exchange differences on translation of foreign financial statements	(176,362)	(1)	(95,172)	-
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(18,365)	-	-	-
						3450	Gain (losses) on hedging instrument	(2,192)	-	(4,871)	-
						3491	Unearned employee benefit	(45,606)	-	(119,897)	-
								<u>11,609,361</u>	<u>41</u>	<u>10,904,726</u>	<u>43</u>
						3600	<b>Non-controlling interests</b>	<u>352,635</u>	<u>1</u>	<u>436,208</u>	<u>2</u>
							<b>Total equity</b>	<u>11,961,996</u>	<u>42</u>	<u>11,340,934</u>	<u>45</u>
<b>Total assets</b>		<u>\$ 28,807,226</u>	<u>100</u>	<u>25,530,985</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 28,807,226</u>	<u>100</u>	<u>25,530,985</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

	2020		2019	
	Amount	%	Amount	%
4000 <b>Operating revenues:</b>	\$ 33,765,295	100	32,897,900	100
5000 <b>Operating costs</b>	28,711,844	85	28,545,525	87
<b>Gross profit from operating</b>	5,053,451	15	4,352,375	13
<b>Operating expenses:</b>				
6100 Selling expenses	508,753	1	689,498	2
6200 Administrative expenses	536,370	2	481,732	2
6300 Research and development expenses	1,724,851	5	1,453,633	4
<b>Total operating expenses</b>	2,769,974	8	2,624,863	8
<b>Net operating income</b>	2,283,477	7	1,727,512	5
<b>Non-operating income and expenses:</b>				
7100 Interest income	45,614	-	70,899	-
7190 Other income	46,590	-	29,990	-
7225 Gains on disposals of investments	985	-	-	-
7230 Foreign exchange gains(losses), net	(15,509)	-	(181,263)	-
7235 Gains on financial assets (liabilities) at fair value through profit or loss	14,052	-	110,075	-
7370 Share of profit of associates and joint ventures accounted for using equity method	9,551	-	2,172	-
7510 Interest expense	(46,410)	-	(56,561)	-
	54,873	-	(24,688)	-
<b>Profit from continuing operations before tax</b>	2,338,350	7	1,702,824	5
7950 Less: Income tax expenses	707,745	2	345,838	1
<b>Profit</b>	1,630,605	5	1,356,986	4
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	(6,214)	-	(8,141)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(18,365)	-	-	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,243)	-	(1,628)	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	(23,336)	-	(6,513)	-
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(96,171)	-	(52,772)	-
8368 Gains (losses) on hedging instrument	2,679	-	(4,871)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	82	-	(101)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(18,827)	-	(10,554)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(74,583)	-	(47,190)	-
8300 <b>Other comprehensive income</b>	(97,919)	-	(53,703)	-
<b>Total comprehensive income</b>	\$ 1,532,686	5	1,303,283	4
<b>Profit, attributable to:</b>				
Owners of parent	\$ 1,713,942	5	1,313,498	4
Non-controlling interests	(83,337)	-	43,488	-
	\$ 1,630,605	5	1,356,986	4
<b>Comprehensive income attributable to:</b>				
Owners of parent	\$ 1,612,095	5	1,260,626	4
Non-controlling interests	(79,409)	-	42,657	-
	\$ 1,532,686	5	1,303,283	4
<b>Earnings per share</b>				
9750 Basic earnings per share	\$ 8.36		6.85	
9850 Diluted earnings per share	\$ 7.77		6.51	

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

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings						Total other equity interest					Total equity to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured through other comprehensive income	Gains (losses) on hedging instruments	Unearned employee benefit and others	Total other equity interest			
<b>Balance at January 1, 2019</b>	\$ 1,936,190	2,794,174	763,392	79,288	3,766,400	4,609,080	(53,684)	-	-	(219,616)	(273,300)	9,066,144	407,654	9,473,798
Profit for the year ended December 31, 2019	-	-	-	-	1,313,498	1,313,498	-	-	-	-	-	1,313,498	43,488	1,356,986
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(6,513)	(6,513)	(41,488)	-	(4,871)	-	(46,359)	(52,872)	(831)	(53,703)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	1,306,985	1,306,985	(41,488)	-	(4,871)	-	(46,359)	1,260,626	42,657	1,303,283
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	87,152	-	(87,152)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(25,604)	25,604	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	(96,778)	-	-	(580,665)	(580,665)	-	-	-	-	-	(677,443)	-	(677,443)
Capital increase by cash	150,000	930,000	-	-	-	-	-	-	-	-	-	1,080,000	-	1,080,000
Issuance of convertible bonds	-	48,667	-	-	-	-	-	-	-	-	-	48,667	-	48,667
Changes in equity of associates and subsidiaries accounted for using equity method	-	13	-	-	-	-	-	-	-	-	-	13	-	13
Share-based payments transactions	(840)	27,840	-	-	-	-	-	-	99,719	99,719	126,719	-	-	126,719
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(14,103)	(14,103)
<b>Balance at December 31, 2019</b>	2,085,350	3,703,916	850,544	53,684	4,431,172	5,335,400	(95,172)	-	(4,871)	(119,897)	(219,940)	10,904,726	436,208	11,340,934
Profit for the year ended December 31, 2020	-	-	-	-	1,713,942	1,713,942	-	-	-	-	-	1,713,942	(83,337)	1,630,605
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(4,971)	(4,971)	(81,190)	(18,365)	2,679	-	(96,876)	(101,847)	3,928	(97,919)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	1,708,971	1,708,971	(81,190)	(18,365)	2,679	-	(96,876)	1,612,095	(79,409)	1,532,686
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	131,350	-	(131,350)	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	41,488	(41,488)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(938,174)	(938,174)	-	-	-	-	-	(938,174)	-	(938,174)
Cash dividends from capital surplus	-	(41,696)	-	-	-	-	-	-	-	-	-	(41,696)	-	(41,696)
Changes in equity of associates and subsidiaries accounted for using equity method	-	(150)	-	-	-	-	-	-	-	-	-	(150)	-	(150)
Disposal of subsidiaries or investments accounted for using equity method	-	(985)	-	-	-	-	-	-	-	-	-	(985)	-	(985)
Share-based payment transactions	(1,255)	509	-	-	-	-	-	-	74,291	74,291	73,545	-	-	73,545
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,164)	(4,164)
<b>Balance at December 31, 2020</b>	\$ 2,084,095	3,661,594	981,894	95,172	5,029,131	6,106,197	(176,362)	(18,365)	(2,192)	(45,606)	(242,525)	11,609,361	352,635	11,961,996

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 2,338,350	1,702,824
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	485,447	393,265
Amortization expense	32,532	34,853
Expected credit gain	(13,504)	(7,442)
Interest expense	46,410	56,561
Interest income	(45,614)	(70,899)
Net loss on financial assets or liabilities at fair value through profit or loss	1,422	1,383
Share-based payments transactions	72,575	125,393
Share of profit of associates and joint ventures accounted for using equity method	(9,551)	(2,172)
Gain on disposal of property, plant and equipment	(13,320)	(10,870)
Gain on disposal of investments accounted for using equity method	(985)	-
Others	4,523	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>559,935</u>	<u>520,072</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in financial assets or liabilities mandatorily measured at fair value through profit or loss	(208,285)	(2,951)
Increase in notes and accounts receivable	(792,423)	(283,793)
Decrease (increase) in other receivable (including related parties)	47,275	(130,088)
Increase in inventories	(214,872)	(1,410,829)
Decrease in prepayments	17,317	64,032
Decrease (increase) in other current assets	15,768	(39,567)
Increase in accounts payable (including related parties)	2,111,744	976,571
Increase in other payable (including related parties) and other current liabilities	186,393	1,290,808
Increase in other operating liabilities	4,208	6,346
<b>Total changes in operating assets and liabilities</b>	<u>1,167,125</u>	<u>470,529</u>
<b>Total adjustments</b>	<u>1,727,060</u>	<u>990,601</u>
Cash inflow generated from operations	4,065,410	2,693,425
Interest received	46,402	75,707
Dividends received	19,142	24,611
Interest paid	(34,219)	(54,699)
Income taxes paid	<u>(744,527)</u>	<u>(242,219)</u>
<b>Net cash flows from operating activities</b>	<u>3,352,208</u>	<u>2,496,825</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(49,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	25,478
Acquisition of property, plant and equipment	(537,277)	(714,378)
Proceeds from disposal of property, plant and equipment	17,072	18,506
Decrease (increase) in refundable deposits	(5,716)	22,013
Acquisition of intangible assets	(40,970)	(40,704)
Acquisition of right-of-use assets	(317,807)	-
Decrease (increase) in other non-current assets	75	(99,201)
<b>Net cash flows used in investing activities</b>	<u>(884,623)</u>	<u>(837,786)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	188,757	(1,300,877)
Issuance of convertible bonds	-	1,007,240
Repayment of lease principal	(180,116)	(93,366)
Cash dividends paid	(979,876)	(677,441)
Proceeds from issuing shares	-	1,080,000
Change in non-controlling interests	(3,194)	(12,777)
Other financing activities	381	-
<b>Net cash flows from (used in) financing activities</b>	<u>(974,048)</u>	<u>2,779</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(21,328)</u>	<u>(30,312)</u>
<b>Net increase in cash and cash equivalents</b>	1,472,209	1,631,506
<b>Cash and cash equivalents at beginning of period</b>	7,607,559	5,976,053
<b>Cash and cash equivalents at end of period</b>	<u>\$ 9,079,768</u>	<u>7,607,559</u>

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

ARCADYAN TECHNOLOGY CORPORATION

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 7,707,957	31	4,460,976	21	2100	Short-term borrowings	\$ 341,760	1	270,180	1
1110	Current financial assets at fair value through profit or loss	6,034	-	12,400	-	2120	Current financial liabilities at fair value through profit or loss	46,179	-	5,414	-
1139	Current financial assets for hedging	-	-	61	-	2126	Current financial liabilities for hedging	2,192	-	4,932	-
1170	Notes and account receivables, net	4,888,924	20	3,355,418	16	2170	Accounts payable	5,161,935	21	3,911,744	18
1180	Account receivables from related parties, net	1,397,881	6	3,765,782	17	2180	Accounts payable to related parties	3,414,606	14	3,173,637	15
1200	Other receivables	71,155	-	80,819	-	2200	Other payables	2,099,040	9	1,087,821	6
1210	Other receivables from related parties	467,141	2	523,513	2	2230	Current tax liabilities	331,198	1	388,093	2
1310	Inventories	4,946,818	20	4,106,296	19	2250	Current provisions	235,477	1	182,737	1
1410	Prepayments	23,584	-	45,763	-	2280	Current lease liabilities	2,670	-	86,879	-
1470	Other current assets	85,360	-	89,744	1	2300	Other current liabilities	518,933	2	170,447	1
		<u>19,594,854</u>	<u>79</u>	<u>16,440,772</u>	<u>76</u>			<u>12,153,990</u>	<u>49</u>	<u>9,281,884</u>	<u>44</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1550	Investments accounted for using equity method	3,447,526	14	3,157,057	15	2530	Bonds payable	980,219	4	966,492	4
1511	Non-current financial assets at fair value through profit or loss	42,840	-	44,262	-	2570	Deferred income tax liabilities	89,378	-	55,716	-
1517	Non-current financial assets at fair value through other comprehensive income	31,135	-	49,500	-	2580	Non-current lease liabilities	1,150	-	1,816	-
1600	Property, plant and equipment	1,471,239	6	1,455,271	7	2640	Non-current net defined benefit liability	99,119	-	94,911	-
1755	Right-of-use assets	59,450	-	79,200	1	2650	Credit balance of investments accounted for using equity method	-	-	249,847	1
1780	Intangible assets	71,428	-	63,761	-	2670	Other non-current liabilities	381	-	-	-
1840	Deferred income tax assets	189,473	1	245,703	1			<u>1,170,247</u>	<u>4</u>	<u>1,368,782</u>	<u>5</u>
1900	Other non-current assets	25,653	-	19,866	-			<u>13,324,237</u>	<u>53</u>	<u>10,650,666</u>	<u>49</u>
		<u>5,338,744</u>	<u>21</u>	<u>5,114,620</u>	<u>24</u>						
<b>Total assets</b>		<b>\$ 24,933,598</b>	<b>100</b>	<b>21,555,392</b>	<b>100</b>	<b>Total liabilities</b>					
						<b>Equity:</b>					
						3100	Ordinary shares	2,084,095	8	2,085,350	10
						3200	Capital surplus	3,661,594	15	3,703,916	17
						3300	Retained earnings	6,106,197	25	5,335,400	25
						3410	Exchange differences on translation of foreign financial statements	(176,362)	(1)	(95,172)	-
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(18,365)	-	-	-
						3450	Gains (losses) on hedging instrument	(2,192)	-	(4,871)	-
						3490	Unearned employee benefit	(45,606)	-	(119,897)	(1)
								<u>11,609,361</u>	<u>47</u>	<u>10,904,726</u>	<u>51</u>
								<u>\$ 24,933,598</u>	<u>100</u>	<u>21,555,392</u>	<u>100</u>
						<b>Total liabilities and equity</b>					



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

**ARCADYAN TECHNOLOGY CORPORATION**

**Statements of Comprehensive Income**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars, except net income per share amounts)

	2020		2019	
	Amount	%	Amount	%
4000 <b>Operating Revenues:</b>				
4100 Net sales revenue	\$ 30,530,274	100	27,248,530	100
4800 Other operating revenue	173,006	-	132,687	-
	30,703,280	100	27,381,217	100
5000 <b>Operating costs</b>	26,446,989	86	23,520,056	86
<b>Gross profit from operating</b>	4,256,291	14	3,861,161	14
5910 Unrealized profit from sales	(293,102)	(1)	320,345	1
	4,549,393	15	3,540,816	13
<b>Operating expenses:</b>				
6100 Selling expenses	387,244	1	465,888	2
6200 Administrative expenses	409,131	1	347,637	1
6300 Research and development expenses	1,451,209	5	1,175,721	4
<b>Total operating expenses</b>	2,247,584	7	1,989,246	7
<b>Net operating income</b>	2,301,809	8	1,551,570	6
<b>Non-operating income and expenses:</b>				
7100 Interest income	26,774	-	23,313	-
7230 Foreign exchange gains and losses, net	3,558	-	(126,589)	-
7225 Gains on disposals of investments	985	-	-	-
7375 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	51,929	-	53,550	-
7010 Other income	4,434	-	3,491	-
7510 Interest expense	(23,805)	-	(15,670)	-
7635 Gains on financial assets (liabilities) at fair value through profit or loss	(16,642)	-	84,585	-
	47,233	-	22,680	-
<b>Profit from continuing operations before tax</b>	2,349,042	8	1,574,250	6
7950 Less: Income tax expenses	635,100	2	260,752	1
<b>Profit</b>	1,713,942	6	1,313,498	5
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	(6,214)	-	(8,141)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(18,365)	-	-	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,243)	-	(1,628)	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	(23,336)	-	(6,513)	-
8360 <b>Components of other comprehensive income (loss) that may be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(102,511)	(1)	(51,437)	-
8368 Gains (losses) on hedging instrument	2,679	-	(4,871)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	82	-	(101)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(21,239)	-	(10,050)	-
<b>Components of other comprehensive income that may be reclassified to profit or loss</b>	(78,511)	(1)	(46,359)	-
8300 <b>Other comprehensive income</b>	(101,847)	(1)	(52,872)	-
<b>Total comprehensive income</b>	<b>\$ 1,612,095</b>	<b>5</b>	<b>1,260,626</b>	<b>5</b>
<b>Earnings per share</b>				
9750 Basic earnings per share	<b>\$ 8.36</b>		<b>6.85</b>	
9850 Diluted earnings per share	<b>\$ 7.77</b>		<b>6.51</b>	

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

**ARCADYAN TECHNOLOGY CORPORATION**

**Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Unearned employee benefit and others	Total other equity interest	
								Gains (losses) on hedging instruments				
<b>Balance at January 1, 2019</b>	\$ 1,936,190	2,794,174	763,392	79,288	3,766,400	4,609,080	(53,684)	-	-	(219,616)	(273,300)	9,066,144
Profit for the year ended December 31, 2019	-	-	-	-	1,313,498	1,313,498	-	-	-	-	-	1,313,498
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(6,513)	(6,513)	(41,488)	-	(4,871)	-	(46,359)	(52,872)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	1,306,985	1,306,985	(41,488)	-	(4,871)	-	(46,359)	1,260,626
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	87,152	-	(87,152)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(25,604)	25,604	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	(96,778)	-	-	(580,665)	(580,665)	-	-	-	-	-	(677,443)
Capital increase by cash	150,000	930,000	-	-	-	-	-	-	-	-	-	1,080,000
Issuance of convertible bonds	-	48,667	-	-	-	-	-	-	-	-	-	48,667
Changes in equity of associates and subsidiaries accounted for using equity method	-	13	-	-	-	-	-	-	-	-	-	13
Share-based payments	(840)	27,840	-	-	-	-	-	-	-	99,719	99,719	126,719
<b>Balance at December 31, 2019</b>	2,085,350	3,703,916	850,544	53,684	4,431,172	5,335,400	(95,172)	-	(4,871)	(119,897)	(219,940)	10,904,726
Profit for the year ended December 31, 2020	-	-	-	-	1,713,942	1,713,942	-	-	-	-	-	1,713,942
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(4,971)	(4,971)	(81,190)	(18,365)	2,679	-	(96,876)	(101,847)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,708,971	1,708,971	(81,190)	(18,365)	2,679	-	(96,876)	1,612,095
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	131,350	-	(131,350)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	41,488	(41,488)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(938,174)	(938,174)	-	-	-	-	-	(938,174)
Cash dividends from capital surplus	-	(41,696)	-	-	-	-	-	-	-	-	-	(41,696)
Change in equity of associates and subsidiaries accounted for using equity method	-	(150)	-	-	-	-	-	-	-	-	-	(150)
Disposal of subsidiaries or investments accounted for using equity method	-	(985)	-	-	-	-	-	-	-	-	-	(985)
Share-based payment transactions	(1,255)	509	-	-	-	-	-	-	-	74,291	74,291	73,545
<b>Balance at December 31, 2020</b>	<b>\$ 2,084,095</b>	<b>3,661,594</b>	<b>981,894</b>	<b>95,172</b>	<b>5,029,131</b>	<b>6,106,197</b>	<b>(176,362)</b>	<b>(18,365)</b>	<b>(2,192)</b>	<b>(45,606)</b>	<b>(242,525)</b>	<b>11,609,361</b>

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

**ARCADYAN TECHNOLOGY CORPORATION**

**Statements of Cash Flows**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 2,349,042	1,574,250
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	104,351	95,588
Amortization expense	29,261	31,186
Expected credit loss (gain)	2,177	(4,171)
Interest expense	23,805	15,670
Interest income	(26,774)	(23,313)
Net loss on financial assets or liabilities at fair value through profit or loss	1,422	1,383
Share-based payments	73,545	126,719
Share of profit of associates and joint ventures accounted for using equity method	(51,929)	(53,550)
Loss (gain) on disposal of property, plant and equipment	45	(325)
Gain on disposal of investments	(985)	-
Unrealized profit from sales	(293,102)	320,345
<b>Total adjustments to reconcile profit (loss)</b>	<u>(138,184)</u>	<u>509,532</u>
<b>Changes in operating assets and liabilities:</b>		
Net loss (gain) on financial assets or liabilities mandatorily measured at fair value through profit or loss	47,131	24,942
Decrease (increase) in notes and account receivables	(1,535,743)	636,128
Decrease (increase) in accounts receivable from related parties	2,367,901	(1,947,562)
Decrease (increase) in other receivable	58,686	(465,725)
Increase in inventories	(840,522)	(929,514)
Decrease (increase) in prepayments	22,179	(2,463)
Decrease (increase) in other current assets	4,384	(2,387)
Increase in account payables	1,491,160	1,583,698
Increase in other payables and other current liabilities	1,422,752	568,669
Decrease in other operating liabilities	(2,006)	(1,796)
<b>Total changes in operating assets and liabilities</b>	<u>3,035,922</u>	<u>(536,010)</u>
<b>Total adjustments</b>	<u>2,897,738</u>	<u>(26,478)</u>
Cash inflow generated from operations	5,246,780	1,547,772
Interest received	26,770	21,994
Dividends received	7,742	57,011
Interest paid	(10,257)	(8,117)
Income taxes paid	(579,621)	(210,432)
<b>Net cash flows from operating activities</b>	<u>4,691,414</u>	<u>1,408,228</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(49,500)
Acquisition of investments accounted for using equity method	(298,192)	(823,505)
Acquisition of property, plant and equipment	(108,225)	(70,487)
Proceeds from disposal of property, plant and equipment	73	1,095
Acquisition of intangible assets	(36,515)	(39,814)
Increase in other non-current assets	(5,787)	(3,810)
<b>Net cash flows used in investing activities</b>	<u>(448,646)</u>	<u>(986,021)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	71,580	(159,830)
Cash dividends paid	(979,876)	(677,441)
Capital increase by cash	-	1,080,000
Issuance of convertible bonds	-	1,007,240
Repayment of lease principal	(87,872)	(6,933)
Other financing activities	381	-
<b>Net cash flows from (used in) financing activities</b>	<u>(995,787)</u>	<u>1,243,036</u>
<b>Net increase in cash and cash equivalents</b>	3,246,981	1,665,243
<b>Cash and cash equivalents at beginning of period</b>	4,460,976	2,795,733
<b>Cash and cash equivalents at end of period</b>	<u>\$ 7,707,957</u>	<u>4,460,976</u>

## Item 2

Proposed by the Board of Directors

Proposal: To ratify the earnings distribution of 2020.

Explanatory Notes:

1. The 2020 earnings are planned to be distributed to shareholders after deducting the legal reserve provided in accordance with regulations or request by the authorities from the 2020 after-tax net profit.
2. 2020 Earnings Distribution proposal (please refer to page 31), which has been examined by the Audit Committee and adopted by resolution of the Board of Directors, is attached for ratification.

Resolution:

**Arcadyan Technology Corporation**  
**2020 Earnings Distribution Proposal**

Unit: NT\$

Item	Amount
Unappropriated retained earnings in the beginning of the period	3,320,160,029
Plus: Net income of 2020	1,713,942,181
Less: Other comprehensive income of 2020 – remeasurement of defined benefit plans	(4,971,200)
Less: Legal reserve	(170,897,098)
Less: Special reserve resulting from other equity interest	(101,746,627)
Retained earnings available for distribution	4,756,487,285
Less: Dividends to shareholders (cash dividend of NT\$5.5 per share(Note))	(1,146,071,245)
Unappropriated retained earnings as of the end of the period	3,610,416,040

Note: Due to conversion of unsecured convertible bonds of the Company into common stock, there is a change in the number of shares entitling holders to participate in the distribution. Dividends will therefore be adjusted to NT\$ 5.49873625 per share accordingly.

# Discussion Items

## **Item 1**

Proposed by the Board of Directors

Proposal: To approve the amendment to the “Procedures for Acquisition or Disposal of Assets”.

Explanatory Notes:

1. In order to accommodate the requirements of applicable laws and regulations and business needs, the company hereby proposes to amend the Procedures for Acquisition and Disposal of Assets.
2. The Comparison Table Before and After Amendment to the Procedures for Acquisition or Disposal of Assets is attached (please refer to page 33 to page 38).

Resolution:

**Arcadyan Technology Corporation**  
**Comparison Table of the Amendments of the Procedures for the**  
**Acquisition and Disposal of Assets**

Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
Article 4	<p>Investment scope and limit</p> <p>1. When the Company and its subsidiaries acquire or dispose of assets, if the asset types are land, plant, machinery equipment for business use, the investment amount is not limited; the <u>net amount</u> of short-term securities trading for short-term cash management is limited to 40% of each Company's net worth, <u>and</u> a single transaction amount per <u>counterpart</u> or underlying asset is limited to 20% of each Company's net worth.</p> <p>2. Total <u>amounts</u> of real property, equipment or their right-of-use assets acquired by the Company and its subsidiaries for non-business use shall be limited to 40% of each</p>	<p><u>The Company and its subsidiaries may acquire, disposal of, or hold the assets prescribed in the Procedures; However, the holding amount of securities investment, or the non-business use of real property, equipment or their right-of-use assets shall be limited to the amount regulated by the Company. In case of exceeding the regulated limit, the acquisition shall be approved by the board of directors through an ad hoc resolution.</u></p> <p>1. When the Company and its subsidiaries acquire or dispose of assets, if the asset types are land, plant, machinery equipment for business use, the investment amount is not limited; the total <u>investment amount held</u> of short-term securities for short-term cash management is limited to 40% of each Company's net worth, and a single <u>amount held</u> per underlying asset is limited to 20% <u>of</u> each Company's net worth.</p> <p>2. Total <u>amount held</u> of real property, equipment or their right-of-use assets acquired by the Company and its subsidiaries for non-business use shall be limited to 40% of each</p>	<p>In cooperation with the law requirement and the practical operation's needs</p>



Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
	<p>Company's paid-in capital.</p> <p>3. Total amount of long-term investment in securities of the Company and its subsidiaries shall be limited to 150% of each Company's net worth.</p> <p>4. However, for professional Investment subsidiaries, the sum of short-term and long-term investment <u>balance</u> in securities shall be limited to 200% <u>of</u> each Company's net worth.</p>	<p>Company's paid-in capital.</p> <p>3. Total <u>amount held</u> of long-term investment in securities of the Company and its subsidiaries shall be limited to 150% of each Company's net worth; <u>the total amount held of a single underlying asset shall be limited to 50% of each Company's net worth.</u></p> <p>4. However, for professional Investment subsidiaries, the sum of short-term and long-term <u>investment amount held</u> in securities shall be limited to 200% <u>of</u> each Company's net worth; <u>the total amount held of a single underlying asset shall be limited to each Company's net worth.</u></p>	
Article 7	<p>Procedures for the acquisition or disposal of real property, equipment or their right-of-use assets</p> <p>1. Appraisal and operating procedures and hierarchy of authority delegation</p> <p>(1) Procedures for the acquisition of real property, equipment or their right-of-use assets: the Company's acquisition of real property, equipment or their right-of-use assets shall be conducted in accordance with the procurement operating procedures (with reference to the publicly announced current value, appraised value, actual</p>	<p>Procedures for the acquisition or disposal of real property, equipment or their right-of-use assets</p> <p>1. Appraisal and operating procedures and hierarchy of authority delegation</p> <p>(1) Procedures for the acquisition of real property, equipment or their right-of-use assets: the Company's acquisition of real property, equipment or their right-of-use assets shall be conducted in accordance with the procurement operating procedures (with reference to the publicly announced current value, appraised value, actual</p>	In cooperation with the practical operation's needs

Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
	<p>transaction price of the real estate nearby, etc.,). Where the transaction amount is NT\$<u>30</u> million or less, it should be approved by the CEO. Where the amount is greater than NT\$<u>30</u> million and within NT\$<u>50</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>50</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(2) Procedures for disposal of real property, equipment or their right-of-use assets: the Company's disposal or sale of real property, equipment or their right-of-use assets shall be conducted by either price inquiry, price competition, price negotiation, or open tendering. Where the book value or appraised value is NT\$<u>30</u> million or less, it shall be approved by the CEO. Where the value is greater than NT\$<u>30</u> million and within NT\$<u>50</u> million, it shall be approved by the Chairman. Where the value is greater than NT\$<u>50</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(Omitted)</p>	<p>transaction price of the real estate nearby, etc.,). Where the transaction amount is NT\$<u>50</u> million or less, it should be approved by the CEO. Where the amount is greater than NT\$<u>50</u> million and within NT\$<u>100</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>100</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(2) Procedures for disposal of real property, equipment or their right-of-use assets: the Company's disposal or sale of real property, equipment or their right-of-use assets shall be conducted by either price inquiry, price competition, price negotiation, or open tendering. Where the book value or appraised value is NT\$<u>50</u> million or less, it shall be approved by the CEO. Where the value is greater than NT\$<u>50</u> million and within NT\$<u>100</u> million, it shall be approved by the Chairman. Where the value is greater than NT\$<u>100</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(Omitted)</p>	
Article 8	Procedures for the acquisition or	Procedures for the acquisition or	In cooperation

Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
	<p>disposal of securities investment</p> <p>1. Appraisal and operating procedures and hierarchy of authority delegation</p> <p>(1) Procedures for acquisition and disposal of long-term securities investment: the Company's acquisition and disposal of long-term securities investment shall be evaluated and proposed by the executive unit with an analysis report submitted; Where the transaction amount is NT\$<u>30</u> million or less, it should be approved by the CEO. Where the amount is greater than NT\$<u>30</u> million and within NT\$<u>50</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>50</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(2) Procedures for acquisition and disposal of short-term securities investment: the Company's acquisition and disposal of short-term securities investment shall be evaluated and proposed by the executive unit with an analysis report submitted; Except for short-term fund dispatching that has to be approved by the top supervisor of the financial unit (e.g. buying or selling principal and</p>	<p>disposal of securities investment</p> <p>1. Appraisal and operating procedures and hierarchy of authority delegation</p> <p>(1) Procedures for acquisition and disposal of long-term securities investment: the Company's acquisition and disposal of long-term securities investment shall be evaluated and proposed by the executive unit with an analysis report submitted; Where the transaction amount is NT\$<u>50</u> million or less, it should be approved by the CEO. Where the amount is greater than NT\$<u>50</u> million and within NT\$<u>100</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>100</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(2) Procedures for acquisition and disposal of short-term securities investment: the Company's acquisition and disposal of short-term securities investment shall be evaluated and proposed by the executive unit with an analysis report submitted; Except for short-term fund dispatching that has to be approved by the top supervisor of the financial unit (e.g. buying or selling principal and</p>	<p>with the practical operation's needs</p>

Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
	<p>interest guaranteed securities, such as money market funds, quasi money market fund, bond fund, repo (resale) bills (bonds) and CDs), where the transaction amount is NT\$<u>30</u> million or less, it should be approved by the CEO. Where the amount is greater than NT\$<u>30</u> million and within NT\$<u>50</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>50</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(Omitted)</p>	<p>interest guaranteed securities, such as money market funds, quasi money market fund, bond fund, repo (resale) bills (bonds) and CDs), where the transaction amount is NT\$<u>50</u> million or less, it should be approved by the CEO. Where the amount is greater than NT\$<u>50</u> million and within NT\$<u>100</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>100</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(Omitted)</p>	
Article 10	<p>Procedures for acquisition or disposal of intangible assets or its right-of-use assets or memberships</p> <p>1. Appraisal and operating procedures</p> <p>(1) Procedures for the acquisition of intangible assets, its right-of-use assets or memberships: the Company's acquisition of intangible assets, its right-of-use assets or memberships shall be conducted in accordance with the procurement operating procedures. Where the transaction amount is NT\$<u>30</u> million or less, it should be approved by the CEO. Where the</p>	<p>Procedures for acquisition or disposal of intangible assets or its right-of-use assets or memberships</p> <p>1. Appraisal and operating procedures</p> <p>(1) Procedures for the acquisition of intangible assets, its right-of-use assets or memberships: the Company's acquisition of intangible assets, its right-of-use assets or memberships shall be conducted in accordance with the procurement operating procedures. Where the transaction amount is NT\$<u>50</u> million or less, it should be approved by the CEO. Where the</p>	In cooperation with the practical operation's needs

Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
	<p>amount is greater than NT\$<u>30</u> million and within NT\$<u>50</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>50</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(2) Procedures for disposal of intangible assets, its right-of-use assets or memberships: for the Company's disposal or sale of intangible assets, its right-of-use assets or memberships, after the original user unit has signed the report stating the reasons, and the property administration unit has conducted the price inquiry, price competition or price negotiation, if the book value or appraised value is NT\$<u>30</u> million or less, it shall be approved by the CEO. Where the value is greater than NT\$<u>30</u> million and within NT\$<u>50</u> million, it shall be approved by the Chairman. Where the value is greater than NT\$<u>50</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(Omitted)</p>	<p>amount is greater than NT\$<u>50</u> million and within NT\$<u>100</u> million, it shall be approved by the Chairman. Where the amount is greater than NT\$<u>100</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(2) Procedures for disposal of intangible assets, its right-of-use assets or memberships: for the Company's disposal or sale of intangible assets, its right-of-use assets or memberships, after the original user unit has signed the report stating the reasons, and the property administration unit has conducted the price inquiry, price competition or price negotiation, if the book value or appraised value is NT\$<u>50</u> million or less, it shall be approved by the CEO. Where the value is greater than NT\$<u>50</u> million and within NT\$<u>100</u> million, it shall be approved by the Chairman. Where the value is greater than NT\$<u>100</u> million, it shall be submitted to the Board of Directors' Meeting for discussion.</p> <p>(Omitted)</p>	
Article 18	Supplemental provisions (the above is omitted) 7th revision was made on June	Supplemental provisions (the above is omitted) 7th revision was made on June	Adding the date of revision

Article	Content		Basis and Reason for Amendment
	Before Amendment	After Amendment	
	25, 2019.	25, 2019. <u>8th revision made on June 16, 2021.</u>	

## Item 2

Proposed by the Board of Directors

Proposal: To approve the release of non-competition restrictions for directors of the Company.

Explanatory Notes:

1. As Company's directors may invest in or operate a business which is identical of similar to the business scope of the Company, without prejudice to any interest of the Company, it is proposed to approve the release of non-competition restrictions for these directors in accordance with Article 209 of the Company Act.
2. Information of the directors who currently serve in a position of other companies is shown in the table (please refer to page 40).

Resolution:

**Arcadyan Technology Corporation**  
**List of Positions Held by Directors in Other Companies**

The Company		Other companies with concurrent positions	
Position	Name	Position	Company
Director	Chen Jui-Tsung	Independent Director	Powertech Technology Inc.
		Director	Unicom Global, Inc., Compal Wise Electronic (Vietnam) Co., Ltd
Director	Wong Chung-Pin	Chairman	Starmems Semiconductor Corp., Unicom Global, Inc.
		Director	Raypal Biomedical Co.,Ltd., Gempal Technology Corp., Hong Ji Capital Co., Ltd., ARCE Therapeutics, Inc. , Compal Smart Device (Chongqing) Co., Ltd.
		President	Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd.
Director	Peng Sheng-Hua	Director	Hong Jin Investment Co.
Independent Director	Yang Wen-An	Director	Lien Chang Electronic Enterprise Co., Ltd.



# Extraordinary Motions

## **Extraordinary Motions**

# Appendix

## Appendix 1

### **Arcadyan Technology Corporation Rules of Procedure for Shareholders' Meetings**

- Article 1 The shareholders' meeting shall be conducted in accordance with the Rules of Procedure.
- Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 The "shareholders" stated in the Rules of Procedure for Shareholders' Meetings refers to shareholders and their proxies.
- Article 4 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 shall begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders (or the proxy) may hand in a sign-in card in lieu of signing in. Those who hand over the sign-in card to the Company may be deemed to be the shareholders or proxies represented in the sign-in card, and sign-in procedures shall be handled in accordance with the Rules of Procedure for Shareholders' Meetings.
- Article 6 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or 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, 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 chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- It is advisable that shareholders' meetings convened by the board of directors be attended by a majority of the directors.
- 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.
- 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.
- Article 7 The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting which shall be retained for at least 1 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.

Article 8 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in. If a shareholder proposes to count the number of attending shareholders and is rejected by the chairman, the proposal that has been put to a vote shall be deemed passed when the number of voters have reached the legal limit.

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 such postponements less than two times, with a combined period of postponement less than one hour, shall 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.

Article 9 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which shall 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 shall 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, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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 and call for a vote.

Article 10 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.

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.

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.

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.

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

Article 11 Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 12 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 179, paragraph 2 of the Company Act.

Except as otherwise provided in the Company Act and in 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 announce the total number of voting rights represented by the attending shareholders.

If the chair puts the proposal before all shareholders present at the meeting and none voices an objection, the matter is deemed approved, with equivalent force as a resolution by vote. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote. Except for the proposals listed in the meeting agenda, other proposals or an amendment or an alternative to the original proposals must be seconded by other shareholders.

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.

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 shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

For the resolution method, when the chair puts the proposal before all shareholders present at the meeting and none voices an objection, the proposal shall specified as having "unanimous consent of all shareholders present at the meeting upon inquiry by the chair." However, any objection shall specify the voting method, as well as the number of votes and weighting for the passing the proposal.

Article 13 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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 this 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.

Article 15 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 5 days in accordance with Article 182 of the Company Act.

Article 16 The Rules and any amendments hereto shall be implemented after adoption by shareholders' meetings. These Rules were formulated on April 10, 2006. The 1st amendment was made on June 22, 2012.



## **Appendix 2**

# **Arcadyan Technology Corporation Articles of Incorporation**

### **Chapter 1 General Provisions**

Article 1 The Company is organized under the Company Act and is named as Arcadyan Technology Corporation.

Article 2 The Company's scope of businesses are as follows:

1. CC01070 Telecommunication equipment and apparatus manufacturing.
2. CC01080 Electronic parts and components manufacturing.
3. CC01101 Restrained telecom radio frequency equipment and materials manufacturing (limited to radio transceivers, radio receivers, radio transmitters, radiative motors for industrial science and medical purposes, and other motors that produce radio waves).
4. F401021 Restrained telecom radio frequency equipment and materials import (limited to radio transceivers, radio receivers, radio transmitters, radiant motors for industrial science and medical use, and other motors that produce radio waves).

[Research, development, design, manufacture and sale of the following products:

1. Wireless LAN.
2. Bluetooth wireless transmission.
3. Multimedia Gateway for Digital Home and Mobile Office.
4. Wireless audio/ video.
5. Integrated Digital Home online games. ]

Article 3 The Company may be a shareholder of limited liability in another company. The total amount of its investments in such other companies may exceed forty percent of the amount of its own paid-up capital.

Article 4 The Company may provide guarantees to other companies to meet business needs.

Article 5 The Company's head office is located in Hsinchu City, and may establish domestic and foreign subsidiaries or branches or offices when necessary by resolution of the board of directors and the approval of the competent authority.

Article 6 The Company's public announcements shall be published in accordance with Article 28 of the Company Act.

### **Chapter 2 Shareholding**

Article 7 The Company's total registered capital of NT\$3 billion is being divided into 300 million common shares, with par value NT\$10 per share, which may be issued in installments. Unissued shares are authorized to be issued by the board of directors in installments. NT\$400 million is retained from the total amount of registered

capital in the preceding paragraph, with a total of 40 million shares for stock warrants, preferred shares with warrants, and corporate bonds with equity warrants, which may be issued in installments by resolution of the board of directors meeting.

Article 7-1 Employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive or be transferred stocks from employee stock warrants, employee new shares subscription right, or restricted employee shares which the Company issue or buy back by laws or regulations.

Article 8 The Company's registered share certificates shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

The Company may be exempted from printing any share certificate for the shares issued, and shall register the issued shares with a centralized securities depository enterprise.

Article 9 The share transfer registration shall be suspended by the Company within 60 days prior to the convening date of a regular shareholders' meeting, within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonuses, or other benefits.

Article 10 The Company's stock transactions are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the competent authority.

### **Chapter 3 Shareholders' Meeting**

Article 11 Shareholders' meeting shall be of two kinds: The regular meeting of shareholders, to be held at least once every year, and the special meeting of shareholders, to be held when necessary, both shall be convened in accordance with relevant laws and regulations.

Article 12 The notice to convene a regular meeting of shareholders and special meeting of shareholders shall be given to each shareholder in accordance to Article 172 of the Company Act.

Article 12-1 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, 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.

- Article 13 A shareholder who cannot attend a shareholders' meeting may appoint a proxy to attend the meeting on his/her behalf by signing a power of attorney printed by the Company with signature or seal, stating therein the scope of power authorized to the proxy. Except as otherwise specified in the provisions of Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the attendance of shareholder proxy shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" prescribed by the competent authority.
- Article 14 A shareholder shall have one voting right in respect of each share in his/her possession, but the shares shall have no voting power under any of the circumstances in the 2nd paragraph of Article 179 in the Company Act.
- Article 15 Resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders or proxies present, who represent more than one-half of the total number of voting shares, unless there are higher standards specified in the Article of Incorporation, such higher standards shall prevail.
- Article 16 The following shall be determined by the shareholders' meeting:
1. Amendment of the Company's Articles of Incorporation.
  2. Alteration of the scope of business undertaken by the Company.
  3. Reorganization or dissolution of the Company.
  4. Other powers granted under the Company Act or relevant laws and regulations.

#### **Chapter 4 Directors and the Functional Committee**

- Article 17 The board of directors of the Company shall have 7 to 11 directors. The candidate nomination system shall be adopted for the election of directors, and candidates shall be elected by the shareholders' meeting from among the nominees listed in the roster of director candidates. The directors shall include not less than two independent director members, and not less than one-fifth of the director seats shall be held by independent directors.

The Company shall purchase and maintain liability insurance for all directors with respect to their legally required liabilities for damages arising from their performance of duties during the term of office.

The term of office of a director is three years; but he/she may be eligible for re-election. Independent directors may be re-elected according to relevant laws and regulations.

In the process of electing directors at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

Article 17-1 For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors may set up functional committees, of which the organic regulations shall be stipulated in accordance with relevant laws and regulations as well as the Company's provisions.

Article 17-2 The Company's Audit Committee shall be composed of the entire number of independent directors in accordance with Article 14-4 of the Securities and Exchange Act.

The exercise of power by Audit Committee and related matters shall be set forth in accordance with laws, regulations, and the Articles of Incorporation.

Article 18 The board of directors shall be organized by the directors, and the chairman of the board of directors shall be elected from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors; and shall externally represent the Company. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the proxy shall act on his behalf in accordance with Article 208 of the Company Act.

Article 19 Except as otherwise provided by laws or regulations, meetings of the board of directors shall be convened by the chairman of the board of directors. In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The board of directors meeting notice shall specify the time, place, and causes of the meeting. The board of directors meeting notice may be given via written mail, e-mail, or facsimile.

Article 20 The director shall attend the meeting of the board of directors in person. If attendance in person is not possible, the director may appoint another director to attend a meeting of the board of directors in his behalf, he shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A proxy under the previous paragraph may accept a proxy from one person only. Except as otherwise specified in the Company Act, each director shall have one vote. Except as otherwise stated in the laws and regulations, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors. 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 21 Except where otherwise provided by the Company Act or the Articles of Incorporation, the power and authority of the board of directors include:

1. Make the business plan.

2. Propose earnings distribution or loss make-up proposal.
3. Propose to increase or decrease capital.
4. Formulate important provisions and contracts.
5. Appoint and remove of managers of the Company.
6. Establish or close a branch or representative office.
7. Examine the acquisition and disposal of real estate and investment.
8. Examine budget and final account.
9. Other powers granted under the Company Act or relevant laws and regulations.

Article 22 Remuneration of the board of directors who conduct the Company's business shall be paid irrespective of whether the Company operates at a profit or loss. The remuneration of all directors is proposed by the Remuneration Committee and determined by the board of directors, based on their participation and contribution to the Company's operations and benchmarks in the same industry.

Article 23 (Deleted)

#### **Chapter 5 Managerial personnel**

Article 24 The Company may have managerial personnel. Appointment, discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

#### **Chapter 6 Accounting**

Article 25 The Company's fiscal year begins on January 1 and ends on December 31.

Article 26 Upon close of each fiscal year, the directors shall prepare the following statements and records to be submitted to the shareholders' meeting for approval in accordance with the procedure prescribed by law:

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

The aforementioned surplus earning distribution proposal, including dividends and bonuses paid in cash, shall be distributed in accordance with the Articles of Incorporation by resolution of the board of directors, and reported to the shareholders' meeting but require no resolution of a shareholders' meeting.

Article 27 If the Company made a profit in a fiscal year, shall reserve no less than 5% for employee's compensation, and no more than 2% for remuneration of directors from the Company's pre-tax profit prior to the deduction of employee's compensation and directors remuneration. In the event that the Company has accumulated losses, the Company shall reserve an amount to cover the losses. Employees of the Company's subsidiaries meeting certain specific requirements are entitled to receive the employee's compensation. The qualifications and distribution methods shall be prescribed by the board of directors.

Article 27-1 If the Company make a profit in a fiscal year, after all taxes and dues have been paid and losses have been covered, shall set aside ten percent of profits as a legal reserve (however when the legal reserve amounts to the register capital, this shall not apply,) set aside a special reserve in accordance with relevant laws and regulations, and then an appropriate amount shall be retained by the board of directors as basis for proposing a distribution plan according to the Company's operating status, which should be resolved in accordance with Item 2 of Article 27-1, and Article 26 of the Company's Articles of Incorporation.

The Company authorizes the board of directors to distribute dividends, bonuses, capital reserve, or legal reserve in whole or in part in the form of cash, after a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and shall report it to the shareholders' meeting.

The Company's distribution plan follows the principle of stable dividend policy considering factors such as the operating environment, operating performance, and financial structure. If the Company made a profit in the fiscal year, dividends and bonuses shall be no less than thirty percent of net profit after-tax. Cash dividends shall be no less than ten percent of the total dividends distributed to shareholders.

#### **Chapter 7 Supplementary Provisions**

Article 28 Matters not set out in the Articles of Incorporation shall be governed in accordance with the Company Act and relevant laws and regulations.

Article 29 The Company's Articles of Incorporation was formulated on April 29, 2003 by consent of all of the promoters. The 1st amendment was made on May 10, 2003. The 2nd amendment was made on June 16, 2003. The 3rd amendment was made on April 10, 2006. The 4th amendment was made on July 31, 2006. The 5th amendment was made on October 12, 2006. The 6th amendment was made on September 14, 2007. The 7th amendment was made on June 13, 2008. The 8th amendment was made on June 25, 2010. The 9th amendment was made on June 22, 2012. The 10th amendment was made on June 25, 2013. The 11th amendment was made on June 28, 2016. The 12th amendment was made on June 25, 2019.

## **Appendix 3**

# **Arcadyan Technology Corporation Procedures for the Acquisition and Disposal of Assets**

### **Article 1 Legal basis**

The Procedures are adopted in accordance with Article 36-1 of the Securities and Exchange Act (“the Act”) and relevant provisions of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”

### **Article 2 Asset scope**

1. Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships
4. Intangible assets: including intangible assets such as patents, copyrights, trademarks, franchise rights, etc.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with the law.
9. Other major assets.

### **Article 3 Definition of terms**

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

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or another date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; Provided, for investment for which the competent authority's approval is required, the earlier of the above dates or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area that are conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area issued by the Investment Commission, MOEA.
7. The term "within one year" refers to a year preceding the date of occurrence of the current transaction. Items duly announced need not be counted.
8. The term "most recent financial statements" refers to financial statements audited, certified or reviewed by CPA in accordance with the law prior to acquisition or disposal of assets.
9. Competent authority: Refers to the Financial Supervisory Commission.

Article 4 Investment scope and limit

1. When the Company and its subsidiaries acquire or dispose of assets, if the asset types are land, plant, machinery equipment for business use, the investment amount is not limited; the net amount of short-term securities trading for short-term cash management is limited to 40% of each Company's net worth, and a single transaction amount per counterpart or underlying asset is limited to 20% of each Company's net worth.
2. Total amounts of real property, equipment or their right-of-use assets acquired by the Company and its subsidiaries for non-business use shall be limited to 40% of each Company's paid-in capital.
3. Total amount of long-term investment in securities of the Company and its subsidiaries shall be limited to 150% of each Company's net worth.
4. However, for professional investment subsidiaries, the sum of short-term and long-term investment balance in securities shall be limited to 200% of each Company's net worth.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:



1. May not have previously received a final and unappealable sentence for the imprisonment of 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since the completion of the sentence's service, since the expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

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

Article 6 The Company establishes the “Procedures for acquisition or disposal of assets” in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” which shall be implemented after passed by the audit committee and the board of directors and approved by the shareholders meeting. The same applies to the amendment. If any director expresses dissent and is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

Where the position of independent director has been created, when the “Procedures for acquisition or disposal of assets” is submitted for deliberation by the board of directors pursuant to the regulations, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established, the establishment and amendments of the “Procedures for acquisition or disposal of assets” shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

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

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

With respect to the Company's acquisition or disposal of assets that are subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee.

Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted for deliberation by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established, any transaction involving major assets or derivatives shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution and shall be subject to mutatis mutandis application of the fourth and fifth paragraphs.

Article 7 Procedures for the acquisition or disposal of real property, equipment or their right-of-use assets

1. Appraisal and operating procedures and hierarchy of authority delegation

- (1) Procedures for the acquisition of real property, equipment or their right-of-use assets: the Company's acquisition of real property, equipment or their right-of-use assets shall be conducted in accordance with the procurement operating procedures (with reference to the publicly announced current value, appraised value, actual transaction price of the real estate nearby, etc.). Where the transaction amount is NT\$30 million or less, it should be approved by the CEO. Where the amount is greater than NT\$30 million and within NT\$50 million, it shall be approved by the Chairman. Where the amount is greater than NT\$50 million, it shall be submitted to the Board of Directors' Meeting for discussion.

- (2) Procedures for disposal of real property, equipment or their right-of-use assets: the Company's disposal or sale of real property, equipment or their right-of-use assets shall be conducted by either price inquiry, price competition, price negotiation, or open tendering. Where the book value or appraised value is NT\$30 million or less, it shall be approved by the CEO. Where the value is greater than NT\$30 million and within NT\$50 million, it shall be approved by the Chairman. Where the value is greater than NT\$50 million, it shall be submitted to the Board of Directors' Meeting for discussion.
2. Procedures for determining the terms of transaction
  - (1) The Company shall first obtain an appraisal report from an objective, impartial and independent real estate appraisal firm when acquiring or disposing of land, buildings or their right-of-use assets. It shall obtain appraisals from two or more professional appraisal firms if the transaction price exceeds NT\$1 billion.
  - (2) Conduct in accordance with Article 6 of the Procedures.
3. Executive unit

The acquisition, sale, and disposal of property, equipment, or their right-of-use assets of the Company and its subsidiaries shall be carried out in accordance with the Company's approval authority within limits specified in the aforementioned Article 4.

  - (1) Real property or its right-of-use assets: CEO office and general administration related units.
  - (2) Equipment or its right-of-use assets: conducted by procurement related units after the application by user units.
4. Appraisal report of real property, equipment or their right-of-use assets

In acquiring or disposing of real property or equipment, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

  - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted first to the board of directors meeting for resolution; the same shall apply to any subsequent change to the transaction terms.
  - (2) Where the transaction price exceeds NT\$1 billion, the Company shall obtain appraisals from two or more professional appraisal firms.

- (3) Where any 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 CPA shall be engaged to conduct in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, the original professional appraiser may still issue an opinion.
- (5) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### Article 8 Procedures for the acquisition or disposal of securities investment

##### 1. Appraisal and operating procedures and hierarchy of authority delegation

- (1) Procedures for acquisition and disposal of long-term securities investment: the Company's acquisition and disposal of long-term securities investment shall be evaluated and proposed by the executive unit with an analysis report submitted; Where the transaction amount is NT\$30 million or less, it should be approved by the CEO. Where the amount is greater than NT\$30 million and within NT\$50 million, it shall be approved by the Chairman. Where the amount is greater than NT\$50 million, it shall be submitted to the Board of Directors' Meeting for discussion.
- (2) Procedures for acquisition and disposal of short-term securities investment: the Company's acquisition and disposal of short-term securities investment shall be evaluated and proposed by the executive unit with an analysis report submitted; Except for short-term fund dispatching that has to be approved by the top supervisor of the financial unit (e.g. buying or selling principal and interest guaranteed securities, such as money market funds, quasi money market fund, bond fund, repo (resale) bills (bonds) and CDs), where the transaction amount is NT\$30 million or less, it should be approved by the CEO. Where the amount is greater than NT\$30 million and within NT\$50 million, it shall be approved by the Chairman. Where the amount is greater than NT\$50 million, it shall be submitted to the Board of Directors' Meeting for discussion.

## 2. Procedures for determining the terms of transaction

- (1) Where the Company acquiring or disposing of the investment in securities, except for the open-end domestic beneficiary certificates traded on an exchange or an OTC market or overseas mutual fund, or original subscription of a registered stock (including capital subscription at the formation and cash capital increase), or the acquisition or disposal of the target company is a public sale of securities and bonds in order to comply with the diversification of shareholdings prior to listing in an exchange (or OTC), if the transaction amount is less than NT\$300 million, the executive unit shall evaluate the reasonableness of the transaction terms and conduct in accordance with the first paragraph of the Article. In comparison, for an amount greater than NT\$300 million, it shall be conducted in accordance with the fourth paragraph of the Article.
- (2) Conduct in accordance with Article 6 of the Procedures.

## 3. Executive unit

Regarding the securities investment and disposal related affairs of the Company and its subsidiaries, the head of the CEO office shall be responsible for convening the relevant personnel of the financial unit to cooperate and implement it within the limit stipulated in the provisions of Article 4 above.

## 4. Obtain expert opinion

- (1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing Company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, this does not apply to publicly quoted prices of securities that have an active market or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- (2) 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.

## Article 9 Procedures for the related party transaction

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with Article 7, 8 and the following rules 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 Articles 7 and 8. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

## 2. Appraisal and operating procedures

When the Company intends to acquire or dispose of real property or their right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party with transaction amount reaching 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members, submitted to the board of directors for a resolution and are subject to mutatis mutandis application of the fourth and fifth paragraphs of Article 6:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) Information regarding appraisal of the reasonableness of the preliminary transaction terms with respect to the acquisition of real property or its right-of-use assets from a related party, in accordance with the third paragraph, subparagraph (1) and (4) of this Article.
- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and that related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of the contract's signing and evaluation of the necessity of the transaction and reasonableness of the fund's utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the first paragraph of this Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, Paragraph one, Subparagraph (6), Item 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that the audit committee has approved and the board of directors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of real property, equipment or their right-of-use assets for non-business use, 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 board of directors may, pursuant to the operating procedures, delegate the Chairman to make decisions within the authorized transaction amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

Where the position of independent director has been created, when a transaction is submitted for deliberation by the board of directors pursuant to the second 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 board of directors' meeting minutes.

### 3. Appraisal of the transaction cost reasonableness

- (1) Where the Company acquires real property or its right-of-use assets from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
  - A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) 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.
- (3) Where the Company acquires real property or its right-of-use assets from a related party, it shall appraise the cost of the real property or its right-of-use assets in accordance with Paragraph three, subparagraph (1) and (2) of this Article, and shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the results of the Company's appraisal conducted in accordance with Paragraph three, subparagraphs (1) and (2) of this Article are uniformly

lower than the transaction price, the matter shall be handled in compliance with Paragraph three, Subparagraph (5) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (a) 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.
  - (b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in the floor or area land prices in accordance with standard property market sale or leasing practices.
- B. Where a public company acquiring real property or obtaining real property right-of-use assets through leasing from a related party and certifies that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or its right-of-use assets occurrence of the acquisition of the real property or obtainment of its right-of-use assets.

- (5) Where a public company acquires real property or its right-of-use assets from a related party and the results of appraisals conducted in accordance with Paragraph three, subparagraph (1) to (4) of this Article are uniformly lower



than the transaction price, the following steps shall be taken:

- A. The Company shall set aside a special reserve in accordance with the first paragraph of Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of the real property or its right-of-use assets. It may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, the special reserve called for under the first paragraph of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the shareholding ratio.
- B. Independent director members of the audit committee shall comply with Article 218 of the Company Act.
- C. Actions taken pursuant to the preceding two items of this subparagraph shall be reported to a shareholders meeting. The details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where a special reserve has been set aside under the preceding three items, the Company may not utilize the special reserve until it has recognized a loss on a decline in the 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.

- (6) Where the Company acquires real property or its right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2, "Appraisal and operating procedures" of the Article. Paragraph 3, subparagraph (1), (2) and (3) of the Article do not apply:
  - A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - C. The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
  - D. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

- (7) Where the Company obtains real property or its right-of-use assets from a related party, it shall also comply with Paragraph 3, Subparagraph (5) of this Article if there is other evidence indicating that the acquisition was not an arms-length transaction.

Article 10 Procedures for acquisition or disposal of intangible assets or its right-of-use assets or memberships

1. Appraisal and operating procedures

- (1) Procedures for the acquisition of intangible assets, its right-of-use assets or memberships: the Company's acquisition of intangible assets, its right-of-use assets or memberships shall be conducted in accordance with the procurement operating procedures. Where the transaction amount is NT\$30 million or less, it should be approved by the CEO. Where the amount is greater than NT\$30 million and within NT\$50 million, it shall be approved by the Chairman. Where the amount is greater than NT\$50 million, it shall be submitted to the Board of Directors' Meeting for discussion.
- (2) Procedures for disposal of intangible assets, its right-of-use assets or memberships: for the Company's disposal or sale of intangible assets, its right-of-use assets or memberships, after the original user unit has signed the report stating the reasons, and the property administration unit has conducted the price inquiry, price competition or price negotiation, if the book value or appraised value is NT\$30 million or less, it shall be approved by the CEO. Where the value is greater than NT\$30 million and within NT\$50 million, it shall be approved by the Chairman. Where the value is greater than NT\$50 million, it shall be submitted to the Board of Directors' Meeting for discussion.

2. Procedures for determining the terms of transaction

- (1) Where the Company acquires or disposes of intangible assets or their right-of-use assets or memberships, and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
- (2) Conduct in accordance with Article 6 of the Procedures.

3. Executive unit

Where the Company acquires or disposals of the intangible assets, its right-of-use assets or memberships, after conducting in accordance with the procedures in the first and second preceding paragraphs, the head of the CEO office shall be responsible for convening the relevant personnel and implement it.

Article 11 Procedures for acquisition or disposal of claims of financial institutions

In principle, the Company does not engage in transactions of acquiring or disposing of the claims of financial institutions. If the Company would like to engage in such transactions in the future, it shall obtain the approval of the board of directors and then establish the evaluation and operating procedures.

Article 12 Procedures for the acquisition or disposal of derivatives

1. Trading principles and strategies

(1) Trading types

- A. The types of derivatives that may be traded by the Company are stipulated in Article 3, subparagraph (1) of the Procedure.
- B. Bond margin trading-related matters shall be conducted in accordance with relevant rules of the Procedures. For bond tradings with repurchase agreements, the provisions of the Procedures may not apply.

(2) Operating (hedging) strategies

- A. The nature of the Company's derivatives trading depends on the purpose, classified as "hedging" or "non-hedging," which different risk exposure limits, mandatory stop-loss limits and accounting principles shall apply. The former refers to lowering the risk of existing assets, liabilities, non-cancelable commitments or anticipated transactions through derivatives tradings. In contrast, the latter refers to holding or issuing derivatives to earn trading spreads, thereby assuming risk.
- B. Profits of a company shall come from normal operations. Therefore, the Company shall engage in the foreign exchange derivatives operations based on the principle of squaring off the Company's internal positions (referring to foreign exchange income and expenses) to reduce the Company's overall foreign exchange risk and save the cost of foreign exchange operations.

(3) Segregation of duties

A. Finance department

Responsible for foreign exchange management, such as collecting FX market information, judging trends and risks, familiar with financial instruments and the skills of using, etc., and accepting instructions and authorization from the financial supervisor to manage foreign exchange positions. Within the scope of authorization, formulate trading strategies, execute trading instructions, and avoid foreign exchange risks in accordance with the Company's policies.

B. Accounting department

Keep track of the Company's overall foreign exchange position to carry out hedging operations for the finance department. Responsible for transaction confirmation and keeping accounts in accordance with the

relevant regulations, as well as keeping transaction records and conducting regular fair market valuations for the positions held.

C. Executive unit

Authorize the designated personnel of the finance department to execute.

D. Audit department

(a) Internal auditors shall periodically understand the appropriateness of internal controls over derivatives and conduct a monthly audit of the trading department's compliance with the procedures and prepare an audit report. If any material violation is discovered, the auditors shall notify the audit committee in writing.

(b) The internal audit report shall be handled in accordance with the laws and regulations of the FSC.

E. Authorized limit

Conducted in accordance with the Company's delegation of authorities and relevant regulations.

(4) Performance evaluation

A. Hedging trade

(a) Performance is evaluated based on the profit or loss arising from the book exchange rate cost and the derivatives tradings of the Company.

(b) To keep track and express the transactions' valuation risk fully, the Company uses a monthly valuation method to evaluate the profit and loss.

(c) The financial unit shall provide the CEO with an evaluation of foreign exchange positions and the trend and analysis of the foreign exchange market for management reference and instructions.

B. Non-hedging trade

Performance is evaluated based on the profit or loss of the derivatives trading, and reports of positions shall be regularly compiled for management's reference.

(5) Transaction contract dollar amount and loss control

A. Transaction contract dollar amount

(a) Hedging trade limit

To hedge the foreign exchange risk, the total contract amount is capped at the existing and expected net asset and liability position of the hedged target at the time.

To hedge the foreign exchange risk, the total contract amount may not exceed the total liability amount. The total contract amount may not exceed the total project budget to hedge the exchange rate and interest rate risks arising from projects.

(b) Non-hedging trade limit

The finance unit shall prepare exchange rate and interest rate non-hedging trading plans as needed and submits them to the CEO and Chairman for approval prior to proceeding. The trading amount is capped at 5% of the Company's net worth.

B. Determination of loss limit

(a) For hedging trade, the loss amount of each contract and the total annual contract loss amount shall each be capped at 20% of the contract amount.

(b) For non-hedging trade, the loss amount of each contract and the total annual contract loss amount shall each be capped at 5% of the contract amount. Where the contract loss amount exceeds 5% of the trading amount, it shall be reported to the CEO and Chairman to discuss the necessary countermeasures.

2. Risk management measures

The risk management scope and measures to be adopted when the Company engages in the derivatives trading are as follows:

(1) Credit risk management

The transaction counterparts are selected based on the principles of domestic and foreign financial institutions with excellent credit, large scale, and capable of providing professional information.

(2) Market risk management

Mainly choose the derivatives that are commonly traded internationally with full disclosure of market price information and avoid complex structures. After positions are built, the Company has to monitor and respond to possible losses at all times.

(3) Liquidity risk management

To ensure the trading liquidity, the selection of financial instruments is based on higher liquidity (i.e. which can be squared off in the market at any time), and the trading bank must have sufficient information and the ability to trade in any market at any time.

(4) Cash flow risk management

To ensure the working capital stability, the Company's sources of funds for derivatives trading are limited to its own funds and should always pay attention to its cash flow to ensure the relevant settlements and fund dispatching operations at maturity can be completed smoothly.

(5) Operating risk management

A. Derivatives trading shall follow the Company's authorized limits and operating procedures and shall be included in internal audits to avoid operational risks.

- B. The respective functions of trading, confirmation and settlement shall be performed by different personnel.
- C. Risk measurement, monitoring, and control personnel shall belong to a different department from the personnel in the preceding subparagraph. They shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.

(6) Product risk management

Internal traders shall possess complete and correct expertise in financial instruments. They shall require the banks to fully disclose the risks so as to avoid misuse of derivatives and result in losses.

(7) Legal risk management

The legal department shall be engaged in advance for the conclusion and signing of contracts related to the transactions to avoid legal risks that may arise in the future.

3. Internal audit system

- (1) The purpose of the Company's internal audit of derivatives is to assist the supervisors of each unit in understanding the business operations of their employees and in verifying whether the operations comply with laws and regulations and the internal rules of the Company, and to provide timely suggestions to improve the management performance.
- (2) Internal auditors' responsibilities are as follows:
  - A. Regular audit for operations.
  - B. Review of abnormal changes and special situations from time to time.
  - C. Evaluate the control procedures for internal management.
  - D. Obtain appropriate accounting records.
  - E. Understand the efficiency of each unit in performing its functions.
  - F. Provide related reports and suggestions.
- (3) The audit scope includes audits for account opening and management, trading cycle, margin management, settlement and delivery operations management, system operations and information management, accounting operations and finance and cashier operations of derivatives.
- (4) Execution of audit operations and preparation of audit report:
  - A. Internal auditors may access various information files when performing audits, and the audited unit shall fully cooperate. It may not refuse or conceal the information to ensure the accuracy and timeliness of the information.
  - B. Internal auditors shall prepare audit reports of the findings and suggestions for improvements as well as continue to follow up the improvement situation for the reference of senior management to take timely countermeasures.

#### 4. Regular evaluation methods

- (1) The board of directors shall delegate senior management to periodically monitor and evaluate whether derivatives tradings are conducted in line with the established procedures and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (2) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

#### 5. Board of directors' principles for supervising and managing the derivatives trading

- (1) Board of directors shall appoint senior management personnel to, at all times, monitor the supervision and control of derivatives trading risks. The principles of management are as follows:
  - A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Procedures.
  - B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (3) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures.
- (4) The Company engaging in derivatives trading shall establish a logbook in which details of the types and amounts of derivatives trading engaged in, the board of directors approval dates, and the matters required to be carefully evaluated under paragraph 4, subparagraph (2) and of paragraph 5, and subparagraph (1) and (2) of the Article shall be recorded in detail in the logbook.

#### 6. Public announcement and accounting principles

- (1) The public announcement matters are handled in accordance with the law and the regulations of the FSC.
- (2) Accounting principles
  - A. The main objective of the Company's accounting policy for derivatives is to fairly present the process and economic results of transactions in accordance with the Generally Accepted Accounting Principles and

relevant laws and regulations in a complete set of books and accounting records based on the nature and treatment of each transaction.

- B. When preparing periodic financial statements (including annual, semi-annual, quarterly financial reports and consolidated financial statements), according to the purpose of holding or issuing, disclose general information of the derivatives tradings by product type.

## Article 13 Procedures for mergers, demergers, acquisitions, or transfer of shares

### 1. Appraisal and operating procedures

- (1) Where the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforementioned expert opinion on reasonableness may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (2) When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1, subparagraph (1) of the Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

### 2. Other matters to be cautious

- (1) Date of the board of directors meeting: When participating in a merger, demerger, or acquisition, the Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act



provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- (2) Undertaking of Confidentiality in advance: every person participating in or privy to the plan for a merger, demerger, acquisition, or transfer of shares shall issue a written Undertaking of Confidentiality and may not disclose the content of the plan prior to public disclosure of the information. In their own name or under the name of another person, they may not trade in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) For the share exchange ratio or acquisition price in a merger, demerger, acquisition, or transfer of shares may not be altered arbitrarily unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - B. An action, such as disposal of major assets that affects the Company's financial operations.
  - C. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
  - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Contents of the contract: the contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
  - A. Handling of breach of contract.
  - B. Principles for handling equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - C. The amount of treasury stock that participating companies are permitted

under law to buy back after the record date of calculation of the share exchange ratio and the principles for handling thereof.

- D. The manner of handling changes in the number of participating entities or companies.
  - E. Preliminary progress schedule for plan execution and anticipated completion date.
  - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion and relevant procedures.
- (5) Changes in the number of companies participating in the merger, demerger, acquisition, or transfer of shares: after public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating Company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public Company and handle in accordance with the provisions of paragraph 2, subparagraph (1) date of the board of directors meeting, (2) Undertaking of Confidentiality in advance and (5) Changes in the number of companies participating in the merger, demerger, acquisition, or transfer of shares of the Article.
- (7) Safekeeping and reporting of Information: when participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to the disclosure of the information.
  - B. Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

- C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and board of directors meeting minutes.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in item A and B of this subparagraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company (s) so listed or traded shall sign an agreement with such Company whereby the latter is required to abide by the provisions of this subparagraph.

#### Article 14 Information disclose procedures

1. Items to be announced and the criteria for announcement and declaration
  - (1) Acquisition or disposal of real property or its right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
  - (4) Where equipment or its right-of-use assets for business use are acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
    - A. For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
    - B. For a company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
  - (5) 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 the

transaction counterparty is not a related party. The amount the Company expects to invest in the transaction reaches NT\$500 million.

- (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital, or NT\$300 million. Provided, this shall not apply to the following circumstances:
  - A. Trading of domestic government bonds.
  - B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

"Within the preceding year," as used in the aforementioned transaction amount's calculation refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" need not be counted toward the transaction amount.

- A. The amount of any individual transaction.
- B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

## 2. Deadlines of public announcement and declaration

When acquiring or disposing of assets, with any of the items to be announced and declared stipulated in the first paragraph of the Article, and the transaction amount reaches the criteria of announcement declaration of the Article, the Company shall publicly announce and declare within 2 days counting inclusively from the date of occurrence of the event.

## 3. Announcing and declaring procedures

- (1) 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.
- (2) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and

declared in their entirety within two days inclusively from the date of knowledge of such error or omission.

- (3) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company. They shall be retained for 5 years except where another act provides otherwise.
- (4) After the public announcement and declaration of the transaction, where any of the following circumstances occurs, the Company shall publicly announce and declare on the FSC designated website within 2 days, counting inclusively from the date of occurrence of the event.
  - (a) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (b) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (c) Change to the originally publicly announced and declared information.

#### 4. Announcement format and content:

The required format and content of the announcement with respect to acquiring and disposing of assets shall be handled in accordance with the regulations of the FSC.

#### Article 15 The Company's subsidiaries shall follow the below rules:

1. Subsidiaries shall also establish "Procedures for the acquisition or disposal of assets" in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." After the procedures have been approved by the board of directors, they shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.
2. For a subsidiary that is not a domestic public company, where the acquisition or disposal of assets meets the requirements of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" that shall be announced and declared, the Company shall do so.
3. For the provision of the preceding paragraph that subsidiaries apply to Article 14 regarding the paid-in capital or total assets of the announcement and declaration standards, the Company's paid-in capital or total assets shall prevail.

#### Article 16 Penalties

Where the Company's employee engaging in acquisition or disposal of assets violates the rules of the Procedures, the Company shall regularly report the employee to the appraisal in accordance with relevant administrative rules and punish the employee according to the severity of the violation.

#### Article 17 For calculating 10 percent of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or individual financial

report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to a paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

#### Article 18 Supplemental Provisions

The Procedures were implemented upon the resolution of the shareholders' meeting on April 10, 2006.

1st revision was made on June 13, 2007.

2nd revision was made on June 25, 2010.

3rd revision was made on June 22, 2012.

4th revision was made on June 25, 2013.

5th revision was made on June 20, 2014.

6th revision was made on June 13, 2017.

7th revision was made on June 25, 2019.

## Appendix 4

### Arcadyan Technology Corporation Shareholdings of All Directors

Book-close date: April 18, 2021

Position	Name	Number of shares	%
Chairman	Compal Electronics Inc. Representative: Chen Jui-Tsung	41,304,504	19.82
Director	Compal Electronics Inc. Representative: Wong Chung-Pin		
Director	Compal Electronics Inc. Representative: Peng Sheng-Hua		
Director	Compal Electronics Inc. Representative: Liu Chung-Pao		
Director	Tseng Chao-Peng	157,669	0.08
Director	Wei Che-Ho	0	0
Independent Director	Lee Ying-Jen	0	0
Independent Director	Wen Ching-Jang	0	0
Independent Director	Yang Wen-An	0	0
Total		41,462,173	19.90

Note 1: According to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, where the paid-in capital of a company exceeds NT\$2 billion but less than NT \$4 billion with two or more independent directors are elected, the legally required aggregate number of shares held by all directors shall be as follows: not less than 8,336,979 shares (208,424,480 shares \* 5% \* 80%) shall be held by all directors.

Note 2: The Company has an Audit Committee in place, so the number of shares legally required to be held by supervisors is not applicable.

## **Appendix 5**

### **Other Notes:**

Acceptance of shareholders' proposed motions at this Annual General Shareholders' Meeting:

1. In accordance with Article 172-1 of the Company Act, a shareholder who holds more than 1% of the total issued shares may propose a motion in writing to the Company at a regular shareholders' meeting. The number of proposed motions is limited to one and the motion is limited to three hundred words (including the proposal, explanation notes and punctuations); those exceeding the limit shall not be included in the proposal. The proposing shareholder shall attend the regular shareholders' meeting in person or by proxy and participate in the discussion of the motion.
2. For the 2021 Annual General Shareholders' Meeting, the period for the Company's acceptance of shareholders' proposed motions is from March 30, 2021 to April 9, 2021, and the acceptance period was already announced on MOPS in accordance with the law.
3. During the acceptance period above, the Company has not received any shareholders' proposed motion.