

FORTUNE ELECTRIC CO., LTD.
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FORTUNE ELECTRIC CO., LTD.

Meeting Procedure for 2022 Annual Shareholders' Meeting

I. Call meeting to order

II. Chairman's address

III. Reported Matters

IV. Acknowledged Matters

V. Matters for Discussion

VI. Extemporaneous Motions

VII. Adjournment

FORTUNE ELECTRIC CO., LTD.
2022 Annual Shareholders' Meeting Agenda

Date: June 15, 2022, 9 a.m.

Place: 1F., No. 10, Jilin Rd., Jhongli Dist., Taoyuan City
(the Company's activity center)

Method of convention: Physical shareholders' meeting

I. Call meeting to order

II. Chairman's address

III. Reported Matters

1. 2021 Business Report
2. 2021 Audit Committee's Audit Report
3. 2021 Employees' and Directors' Remuneration Allocation Report
4. 2021 Cash Dividend Distribution Report
5. Report the Split of the Company and Fortune Electric Value Company Limited

IV. Acknowledged Matters

1. 2021 Consolidated and Individual Financial Statement and Business Report
2. 2021 Earnings Distribution Proposal

V. Matters for Discussion

1. Amendment of "Regulations Governing the Acquisition and Disposal of Assets"
2. Lifting restrictions of non-compete prohibition of current directors' proposal.

VI. Extemporary Motions

VII. Adjournment

Reported Matters

1. 2021 Business Report

Consolidated operating Revenue of the year 2021 was NT\$ 9,020,094 thousand, among the products, transformers were NT\$ 4,601,783 thousand, accounting for 14.38%, distribution switchboards were NT\$ 1,296,750 thousand, accounting for 4.58%, and electrical distribution equipment were NT\$ 412,996 thousand, accounting for 17.07%, contracting revenue was NT\$ 1,539,977 thousand, accounting for 0.14%, electricity sales revenue was NT\$ 12,226 thousand, and accounting for 12.81%, others were NT\$ 1,156,362 thousand, and net income was NT\$ 287,518 thousand, revenue budget achievement rate was more than 90% and profit was not as expected, due to severity of external environment.

FORTUNE ELECTRIC CO., LTD. 2021 Business Report

Unit: NTD\$ 1,000

1. Revenue:

(1) Operating revenue	9,020,094
(2) Export tax rebate income	30,391
(3) Exchange net profit (loss)	17,911
(4) Revenue of settlement of claim	7,289
(5) Government subsidies	6,667
(6) Income of subsidiaries and associates for using equity method	1,433
(7) Interest revenue	1,347
(8) Net loss of property transaction	(1,022)
(9) Others	(59,483)
Sum of revenues	9,024,627

2. Expense:

(1) Operating costs	7,613,188
(2) Operating expenses	1,014,940
(3) Interest expense	30,586
Sum of expenses	8,658,714

3. Net income before tax	365,913
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Comparison of Operation between Fiscal Years of 2020 and 2021

1. Operating revenue

Unit: NTD\$ 1,000

Item/Years	2021	2020	Increase (decrease) %
Transformer	4,601,783	4,606,691	(0.11)
Distribution switchboard	1,296,750	1,291,088	0.44
Contracting	1,539,977	1,152,273	33.65
Electrical distribution equipment	412,996	298,085	38.55
Electricity sales revenue	12,226	12,309	(0.67)
Others	1,156,362	1,111,146	4.07
Sum	9,020,094	8,471,592	6.47

2. Operating conditions

Unit: NTD\$ 1,000

Item/Years	2021	2020	Increase (decrease) %
Operating revenue	9,020,094	8,471,592	6.47
Operating costs	7,613,188	7,117,542	6.96
Operating margin	1,406,906	1,354,050	3.90
Operating expenses	1,014,940	879,957	15.34
Operating net profit	391,966	474,093	(17.32)

3. Net profit and total comprehensive income

Unit: NTD\$ 1,000

Item/Years	2021	2020	Increase (decrease) %
Income from continuing operations before income tax	365,913	548,620	(33.30)
Net income attributable to:			
stockholders of the parent	289,883	457,514	(36.64)
non-controlling interests	(2,365)	0	-
Net income	287,518	457,514	(37.16)
Other comprehensive income or loss	(20,578)	(28,508)	27.82
Total comprehensive income attributable to:			
stockholders of the Company	269,305	429,006	(37.23)
Non-controlling interests	(2,365)	0	-
Total comprehensive income	266,940	429,006	(37.78)

Chairman: Hsu, Bang-Fu

Manager: Hsu, I-Sheng,
Hsu, I-Te

Accounting Supervisor:
Chiu, Hsu-Lan

Operating Prospect

1. 2022 Operating policy

- (1) Increasing the competitiveness of core business, emphasizing quality and keeping increasing profits, and to become a worldwide electric company.
- (2) Expanding the business opportunity of green energy and energy, integrating internal and external resources for developing new business model, and the Company becomes the leader of green energy in Taiwan.
- (3) Enhancing the characteristic of the Company ESG, increasing the brand of employer, optimizing operating constitution, and the Company becomes the virtual and happiest industry.

2. The Company's future strategy, influence of external competitive environment, regulatory environment and overall operating environment

As the epidemic development of COVID-19, and the risk of international geopolitics is still hard to forecast, plus the influence of factors, such as the bottleneck of supply chain and inflation, the growth of global economics is full of uncertainty, and domestic and overseas major forecasting institutions keep a conservative attitude for the global outlook of the year 2022. IMF decreased the global economic growth rate to 4.4%, World bank's forecast was 4.1%, OECD forecasted that the annual growth rate was 4.5%, and the majority of institutions deemed that although economics gradually increased influenced by the epidemic, however, the risk of global inflation increased, plus the dilemma of Russian-Ukrainian War and supply chain are unsolved, an impact is caused for global economics, and it's afraid that the global economic approaches to a flat. The economic performance of Taiwan will be influenced by it, and the forecast of economic growth of Taiwan made by internal major institutions are as follows: the estimation of Directorate-General of Budget, Accounting and Statistics is 4.42%, the estimation of Academia Sinica is 3.85%, and the estimation of Taiwan Research Institute is 4.05%, etc., and all show that overall economic growth motivation slows down.

To respond to external environmental challenges of the epidemic, the shortage of raw materials, and the fluctuation of price and exchange rate, the Company keeps to utilize various distance tools, collocated intellectualized factories, strategical purchase of raw materials, and management system of risk and finance, etc., and decreases relevant influence to the lowest, keeps to provide additional value and zero time difference of services for domestic and overseas differentiation of customers. Short-term business objective of the current year is increasing the competitiveness of core business, putting emphasis on quality, and keeping to create and increase profits, and strides forward to the vision of a worldwide electric company; the Company expands the business opportunity of green energy and energy, integrates internal and external resources for developing new business model, and keeps the leader place of green energy; and the Company enhances the

characteristic of the Company ESG, increases the brand of employer, optimizes operating constitution, and becomes the virtual and happiest industry. The Company will simultaneously utilize industrial 4.0 intelligence to product and upgrade, including tasks of standardization of design, optimization of process, intellectualization of purchase, optimization of quality, lean of management, and digitalization of supply chain management, etc., and ensure the Company's competitive advantage.

FORTUNE ELECTRIC CO., LTD. has specialized in the original industry, has accumulated key technologies of professional customization for more than fifty years, and has firmly rooted. The whole group has several modernized plants, the most complete domestic product lines, maximum product capacity of transformers, the highest voltage, the most certifications of Taiwan Power Company, the largest professional heavy electricity plants, and was the winner of Awards for Excellent Trading Businesses being the number one of export amount of equipment for power transmission and distribution. The Company also set a performance of overseas sales for 530kV-775MVA transformers having the highest voltage, domestically initiated ultralow noise transformers, and it is the first company passing 230 kV short-circuit test of KEMA, received Taiwan Excellence Award for three consecutive years, completed the building of power supply equipment and mechanical and electrical system engineering for the program of 150 MWp domestic largest solar photovoltaic plant in Tainan Yantian, was the only company who has the performance of power system engineering in the land area of offshore wind power, and had the heavy electricity plant of equipment manufacturing in the fan tower, and had the brilliant performance of completing energy storage system building of only domestic largest single system with battery capacity 2.964 MWh.

The operating strategy of FORTUNE ELECTRIC CO., LTD. focused on power transformers of transmission and distribution terminal, expanded toward up-end and down-end systems, provided from traditional electric equipment, strode across the file of renewable energy of power generation, energy storage, energy usage and energy management of energy sale, power transaction and charging service of electric vehicles, etc. For the part of research and development, emphasizing to use the face of renewable energy, energy saving, electric vehicles, intellectual electric internet and intellectual things, etc., to successfully research and develop equipment, such as intellectual booster station, transformer with low noise, etc., and gear to international trends. For strategy of market operation, and except enhanced current market and customers, and the Company expansively invested in green energy of industrial development, arranged and constructed solar energy and wind force, power plant, renewable/alternative energy, energy storage system, intelligent grid, intelligent electric meter, electric vehicles 'charging equipment, and operating management, etc., new customers, new markets, new products, and service teams

of professional technologies, invested in development of offshore wind power, solar power plants, and large energy storage system, etc., and the Company actively strives for order of large renewable energy power plants; in the aspect of overseas sale, and except seising American market and actively striving for orders, and the Company arranges the government's new southbound policy, Japan market, and the business opportunities brought from the supply chain and the value chain of green energy at sea.

The Company will focus on the group's resources, information sharing, and full utilized cooperation, brings into the group's internal and external maximum benefits, increase the competitive difference advantages of core businesses, expand domestic and export markets, and actively research and develop new products and new technologies met the market demand; drive life-extending and optimization of power systems, develop intelligent power monitoring systems, expansively develop green energy markets, invest in the operation of electric vehicles' charging stations, enhance automated system engineering of intelligent electric grid feeder, operate emergent recovery system and renewable energy system, strengthen energy storage and energy management system, and by means of the group's labor division, the Company vertically integrates to improve key components for decreasing costs. Meanwhile, the Company focuses on electric peripheral energy-saving and intelligent equipment, such as ultralow noise transformers, maintenance-free respirators, and amorphous energy-saving eco-transformers, etc., to maintain the Company's industrial competitive advantages, and create excellent operating results.

The Company, through comprehensive innovation and improvement, and the work efficiency increased by elaborated manufacturing/process, implements industrial 4.0 technique, takes account of efficiency and quality, and intellectually manages enterprise upgrade; constantly implements design and manufacturing cycle, intelligent product lines, intelligent maintenance, constructs intelligent production model to expect the optimization of production quality, and decreases poor costs. Meanwhile, the technology standard brings into KM comprehensive effects and the results of technology and development, all-around improves competitiveness, constantly drives the activities of Six Sigma production and marketing, implements ISO9001, 14000, 45001, 50001, 27001 and manufacturing process JIT, management of TPM, CRM systems, and molds the Company's risk management culture to let the risk management actually implement in the Company's systems, and every employee's daily life and living for improving the quality, decreasing poor costs, increasing the market ratio, and increasing profits.

Except placing emphasis on operating benefits, FORTUNE ELECTRIC CO., LTD. regards regulatory compliance and corporate governance as the primary core value, ensures that the Company can sustainably operate and simultaneously steady

grow, creates a happy work environment, implements the diversification of board of directors members, and protects shareholders' equity. FORTUNE ELECTRIC CO., LTD. also upholds missions of “safe employees”, “safe customers”, “safe shareholders” and “safe society”, actively invests in relevant tasks of ESG, including concerns about the issues of human rights, environmental protection, health and safety, and community involvement etc., simultaneously strives for corporate governance and ethical operation, expands green energy business, takes corporate social responsibility, and does its duty of environmental sustainable coexistence. In conclusion, the Company will constantly root the core strength, develop intelligent manufacturing, seize the market opportunity, and invest in ESG to practice corporate sustainability as a purpose for satisfying the expectation of FORTUNE ELECTRIC CO., LTD. from all walks of life.

2. 2021 Audit Committee's Audit Report

Audit Committee's Audit Report

Board of Directors prepared financial statements, business report, and earnings distribution proposal of the year 2021, the financial statements therein were audited by accountants Gung, Tza-Li and Lee, Suei-Chin of Deloitte, Taiwan and audit report has been offered. The audit report and business report have been reviewed by Audit Committee. The preceding financial statements, business report, and earnings distribution proposal were reviewed and determined to be correct and accurate by Audit Committee members. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

For your approval.

Faithfully

2022 Annual Shareholders' Meeting of the Company

FORTUNE ELECTRIC CO., LTD.

Convener of the audit committee: Lei, Whey-Min

March 23, 2022

3. 2021 Employees' and Directors' Remuneration Allocation Report

- (1) According to Article 27 of the Company's Articles of Incorporation, when the Company has annual profits (means that deducted income before employees' and directors' remunerations from before-tax income), shall allocate more than 3% of employees' remuneration, and more than 2% of directors' remuneration.
- (2) Programed to appropriate 4.97% of employees' remuneration, the sum was NT\$ 19,490,000, and 1.22% of directors' remuneration from profits of year 2021, the sum was NT\$ 4,770,000, all paid in cash.
- (3) After proposed, it was approved by board of directors on March 23, 2022, for your approval.

4. 2021 Cash Dividend Distribution Report

- (1) The Company programed to distribute cash dividends in 2021, the sum was NT\$ 261,058,548 per share was NT\$ 1.
- (2) Afterwards the Company's share fluctuation influenced number of outstanding shares, the payout ratio fluctuation caused by it was programed to give the authorized chairman a free hand.
- (3) According to the distribution ratio, cash dividends shall be calculated to dollar, with amounts of less than NT\$ 1.00 unconditionally rounded down. The fractional sum of less than NT\$ 1.00, decimal point numbers shall be adjusted by descending order, and account numbers shall be adjusted in sequence, to meet the cash dividends total.
- (4) After proposed, it was approved by board of directors on March 23, 2022, for your approval.

5. Report the Split of the Company and Fortune Electric Value Company Limited

- (1) According to Article 7 of Business Mergers and Acquisitions Act, a report was offered for split matters between the Company and Fortune Electric Value Company Limited.
- (2) To implement professional division of labor, and to respond to the needs of business of electric vehicle charging operation and development of the group's strategy, according to Article 36-1 of Business Mergers and Acquisitions Act, the Company and the subsidiary entirely held by the parent company "Fortune Electric Value Company Limited" (hereinafter referred to as Fortune Electric Value Company) split, divided the Company's electric vehicle charging operation department (operation center of charging station) (including assets, debts and operation) to Fortune Electric Value Company for undertaking, as the division proposal, the Company's acquiring number of new shares was 6,100,000 issued by Fortune Electric Value Company, the price per share was 10, the dumb was NT\$ 61,000,000, and it was completed on June 30, 2021 of reference date of the division.

Acknowledged Matters

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Proposed by board of directors

Proposal: 2021 consolidated and individual financial statements and the business report, for your approval.

Explanation:

- (1) The Company's consolidated and individual financial statements of the year 2021 were made, together with the business report, after the approval of the audit committee, were reported to be approved by board of directors on March 23, 2022, and then reported to an annual shareholders' meeting for approval in accordance with the regulations.
- (2) The preceding book and statements, please refer to P.12-23, 24-33 of the agenda, for your approval.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fortune Electric Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Fortune Electric Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Fortune Electric Co., Ltd. and its subsidiaries for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Occurrence of Revenue Recognition

The Group's operating revenue, which is accounted for 31.02% of the annual operating revenue, mainly comes from single customers. Because the operating revenue from single customers has a significant impact to the financial statements of the Group, we identified the occurrence of revenue to be a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies and details of revenue recognition.

In respect of this key audit matter, the following procedures were performed:

1. We obtained an understanding of the design and implementation of internal controls and tested the operating effectiveness of the key controls over the occurrence of revenue recognition.
2. We selected samples from sales details, and we checked the original documents such as customer orders, sales orders, and documents signed by clients to confirm any abnormalities with regard to the occurrence of revenue.

Other Matter

We have also audited the parent company only financial statements of Fortune Electric Co., Ltd., as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion with other matter paragraph.

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 IFRS, IAS, IFRIC Interpretations and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Group.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021, 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 audits resulting in this independent auditors' report are Tza-Li Gung and Suei-Chin Lee.

The image shows a handwritten signature in cursive script that reads "Deloitte & Touche".

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$)

ASSETS	2021		2020
	NT\$	US\$ (Note)	NT\$
CURRENT ASSETS			
Cash (Note 6)	\$ 114,912	\$ 4,151	\$ 170,816
Financial assets at amortized cost - current (Notes 9 and 33)	114,777	4,147	73,528
Contract assets (Notes 23 and 25)	671,451	24,258	671,029
Notes receivable (Note 25)	72,964	2,636	117,622
Trade receivables from unrelated parties (Notes 10 and 25)	3,134,490	113,240	2,513,847
Current tax assets (Note 27)	2,070	75	9,028
Inventories, net (Note 11)	2,668,313	96,398	2,228,848
Prepayments	171,811	6,207	116,431
Non-current assets held for sale (Note 12)	381,134	13,769	511,752
Other current assets (Notes 23 and 33)	66,797	2,413	40,754
Total current assets	<u>7,398,719</u>	<u>267,294</u>	<u>6,453,655</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income - non-current (Note 8)	316,033	11,417	44,343
Financial assets at amortized cost - non-current (Notes 9 and 33)	3,759	135	3,859
Investments accounted for using the equity method (Note 14)	2,002	73	750
Property, plant and equipment (Notes 15 and 33)	1,963,885	70,949	1,982,681
Right-of-use assets (Notes 16 and 33)	121,537	4,391	118,977
Intangible assets (Note 17)	41,266	1,491	31,214
Deferred tax assets (Note 27)	29,973	1,083	47,118
Prepayments for equipment	38,446	1,389	5,017
Refundable deposits (Note 34)	6,770	245	4,738
Total non-current assets	<u>2,523,671</u>	<u>91,173</u>	<u>2,238,697</u>
TOTAL	<u>\$ 9,922,390</u>	<u>\$ 358,467</u>	<u>\$ 8,692,352</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings (Notes 18, 29 and 33)	\$ 718,384	\$ 25,953	\$ 229,917
Short-term bills payable (Notes 18 and 29)	549,679	19,858	239,790
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	4
Contract liabilities (Notes 23 and 25)	760,456	27,473	641,601
Notes payable	1	-	-
Trade payables to unrelated parties (Note 19)	2,030,815	73,368	2,060,705
Trade payables to related parties (Note 32)	86	3	99
Other payables (Note 20)	398,554	14,399	333,836
Current tax liabilities (Note 27)	39,829	1,439	32,311
Provisions (Note 21)	8,579	310	7,098
Liabilities directly associated with non-current assets held for sale (Note 12)	236,113	8,530	286,518
Lease liabilities - current (Notes 16, 29 and 32)	11,312	409	8,369
Other current liabilities	143,832	5,196	94,546
Total current liabilities	<u>4,897,640</u>	<u>176,938</u>	<u>3,934,794</u>
NON-CURRENT LIABILITIES			
Long-term borrowings (Notes 18, 29 and 33)	1,201,800	43,417	841,800
Deferred tax liabilities (Note 27)	44,512	1,608	65,761
Lease liabilities - non-current (Notes 16, 29 and 33)	111,973	4,045	111,742
Net defined benefit liabilities (Note 22)	129,401	4,675	178,859
Guarantee deposit received (Note 29)	17,327	626	12,380
Total non-current liabilities	<u>1,505,013</u>	<u>54,371</u>	<u>1,210,542</u>
Total liabilities	<u>6,402,653</u>	<u>231,309</u>	<u>5,145,336</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	2,610,585	94,313	2,610,585
Capital surplus	3,484	126	1,414
Retained earnings			
Legal reserve	444,315	16,052	400,777
Special reserve	15,347	555	8,975
Unappropriated earnings	442,862	15,999	540,612
Total retained earnings	902,524	32,606	950,364
Other equity			
Exchange differences on translation of the financial statements of foreign operations	(26,619)	(962)	(24,158)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(10,959)	(396)	8,811
Total other equity	(37,578)	(1,358)	(15,347)
Total equity attributable to owners of the Company	<u>3,479,015</u>	<u>125,687</u>	<u>3,547,016</u>
NON-CONTROLLING INTERESTS	<u>40,722</u>	<u>1,471</u>	<u>-</u>
Total equity	<u>3,519,737</u>	<u>127,158</u>	<u>3,547,016</u>
TOTAL	<u>\$ 9,922,390</u>	<u>\$ 358,467</u>	<u>\$ 8,692,352</u>

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2021		2020
	NT\$	US\$ (Note)	NT\$
OPERATING REVENUES (Notes 25, 32 and 37)			
Sales	\$ 7,480,118	\$ 270,235	\$ 7,319,319
Construction revenue	<u>1,539,976</u>	<u>55,635</u>	<u>1,152,273</u>
Total operating revenues	<u>9,020,094</u>	<u>325,870</u>	<u>8,471,592</u>
OPERATING COSTS (Notes 11, 22, 26 and 32)			
Cost of goods sold	6,221,075	224,750	5,997,592
Construction costs	<u>1,392,113</u>	<u>50,293</u>	<u>1,119,950</u>
Total operating costs	<u>7,613,188</u>	<u>275,043</u>	<u>7,117,542</u>
GROSS PROFIT	<u>1,406,906</u>	<u>50,827</u>	<u>1,354,050</u>
OPERATING EXPENSES (Notes 22, 26, 32 and 34)			
Selling and marketing expenses	655,262	23,673	560,598
General and administrative expenses	223,058	8,058	179,979
Research and development expenses	127,873	4,620	127,381
Expected credit loss	<u>8,747</u>	<u>316</u>	<u>11,999</u>
Total operating expenses	<u>1,014,940</u>	<u>36,667</u>	<u>879,957</u>
PROFIT FROM OPERATIONS	<u>391,966</u>	<u>14,160</u>	<u>474,093</u>
NON-OPERATING INCOME AND EXPENSES			
Interest income (Note 26)	1,347	48	392
Other income (Note 26)	37,737	1,363	27,483
Government grants	6,667	241	12,498
Other gains and losses (Note 26)	(42,651)	(1,540)	61,509
Finance costs (Notes 26 and 32)	(30,586)	(1,105)	(26,977)
Share of gain (loss) of associates and joint ventures (Note 14)	<u>1,433</u>	<u>52</u>	<u>(378)</u>
Total non-operating income and expenses	<u>(26,053)</u>	<u>(941)</u>	<u>74,527</u>
PROFIT BEFORE INCOME TAX	365,913	13,219	548,620
INCOME TAX EXPENSE (Note 27)	<u>78,395</u>	<u>2,832</u>	<u>91,106</u>
NET PROFIT FOR THE YEAR	<u>287,518</u>	<u>10,387</u>	<u>457,514</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2021		2020
	NT\$	US\$ (Note)	NT\$
OTHER COMPREHENSIVE INCOME AND LOSS			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans (Note 22)	\$ 2,066	\$ 75	\$ (27,669)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(19,770)	(714)	(10,639)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	(413)	(15)	5,533
	<u>(18,117)</u>	<u>(654)</u>	<u>(32,775)</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	(2,461)	(89)	3,593
Cash flow hedges	-	-	674
	<u>(2,461)</u>	<u>(89)</u>	<u>4,267</u>
Total other comprehensive loss	<u>(20,578)</u>	<u>(743)</u>	<u>(28,508)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 266,940</u>	<u>\$ 9,644</u>	<u>\$ 429,006</u>
NET PROFIT ATTRIBUTABLE TO:			
Owners of the Company	\$ 289,883	\$ 10,472	\$ 457,514
Non-controlling interests	(2,365)	(85)	-
	<u>\$ 287,518</u>	<u>\$ 10,387</u>	<u>\$ 457,514</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	\$ 269,305	\$ 9,729	\$ 429,006
Non-controlling interests	(2,365)	(85)	-
	<u>\$ 266,940</u>	<u>\$ 9,644</u>	<u>\$ 429,006</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2021		2020
	NT\$	US\$ (Note)	NT\$
EARNINGS PER SHARE (Note 28)			
From continuing operations			
Basic	<u>\$1.11</u>	<u>\$0.06</u>	<u>\$1.75</u>
Diluted	<u>\$1.11</u>	<u>\$0.06</u>	<u>\$1.75</u>

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

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT\$ and US\$)

	Equity Attributable to Owners of the Company						Other Equity (Notes 8 and 24)						
	Share Capital (Note 24)	Capital Surplus (Note 24)	Retained Earnings (Note 24)			Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Total	Controlling Interests	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2020	\$ 2,610,585	\$ 1,251	\$ 360,334	\$ 11,273	\$ 404,437	\$ 776,044	\$ (27,751)	\$ 19,450	\$ (674)	\$ (8,975)	\$ 3,378,905	\$ -	\$ 3,378,905
Appropriation of 2019 earnings													
Legal reserve	-	-	40,443	-	(40,443)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(2,298)	2,298	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$1 per share	-	-	-	-	(261,058)	(261,058)	-	-	-	-	(261,058)	-	(261,058)
	-	-	40,443	(2,298)	(299,203)	(261,058)	-	-	-	-	(261,058)	-	(261,058)
Unclaimed cash dividends from shareholders	-	163	-	-	-	-	-	-	-	-	163	-	163
Net profit for the year ended December 31, 2020	-	-	-	-	457,514	457,514	-	-	-	-	457,514	-	457,514
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(22,136)	(22,136)	3,593	(10,639)	674	(6,372)	(28,508)	-	(28,508)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	435,378	435,378	3,593	(10,639)	674	(6,372)	429,006	-	429,006
BALANCE AT DECEMBER 31, 2020	2,610,585	1,414	400,777	8,975	540,612	950,364	(24,158)	8,811	-	(15,347)	3,547,016	-	3,547,016
Appropriation of 2020 earnings													
Legal reserve	-	-	43,538	-	(43,538)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	6,372	(6,372)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$1.3 per share	-	-	-	-	(339,376)	(339,376)	-	-	-	-	(339,376)	-	(339,376)
	-	-	43,538	6,372	(389,286)	(339,376)	-	-	-	-	(339,376)	-	(339,376)
Unclaimed cash dividends from shareholders	-	157	-	-	-	-	-	-	-	-	157	-	157
Changes in percentage of ownership interests in subsidiaries	-	1,913	-	-	-	-	-	-	-	-	1,913	43,087	45,000
Net profit for the year ended December 31, 2021	-	-	-	-	289,883	289,883	-	-	-	-	289,883	(2,365)	287,518
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,653	1,653	(2,461)	(19,770)	-	(22,231)	(20,578)	-	(20,578)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	291,536	291,536	(2,461)	(19,770)	-	(22,231)	269,305	(2,365)	266,940
BALANCE AT DECEMBER 31, 2021	\$ 2,610,585	\$ 3,484	\$ 444,315	\$ 15,347	\$ 442,862	\$ 902,524	\$ (26,619)	\$ (10,959)	\$ -	\$ (37,578)	\$ 3,479,015	\$ 40,722	\$ 3,519,737
BALANCE AT DECEMBER 31, 2021 (IN U.S. DOLLARS)	\$ 94,313	\$ 126	\$ 16,052	\$ 555	\$ 15,999	\$ 32,606	\$ (962)	\$ (396)	\$ -	\$ (1,358)	\$ 125,687	\$ 1,471	\$ 127,158

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$)

	2021		2020
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	\$ 365,913	\$ 13,219	\$ 548,620
Adjustments for:			
Depreciation expense	122,609	4,430	118,783
Amortization expense	17,310	625	11,422
Expected credit loss recognized on trade receivables	8,747	316	11,999
Net loss on financial instruments at fair value through profit or loss	-	-	4
Finance costs	30,586	1,105	26,977
Interest income	(1,347)	(49)	(392)
Share of loss of associate	(1,433)	(52)	378
Loss on disposal of property, plant and equipment	1,022	37	77
(Reversal) write-down of inventories	(203)	(7)	2,268
Unrealized net gain on foreign currency exchange	(3,065)	(111)	(307)
Provisions	1,481	54	920
Gain on remeasurement of lease arrangements	(517)	(19)	-
Changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(4)	-	(1,333)
Contract assets	(422)	(15)	(134,952)
Notes receivable	40,179	1,452	(31,904)
Trade receivables	(592,648)	(21,411)	(51,065)
Inventories	(342,534)	(12,375)	102,932
Prepayments	(52,879)	(1,910)	47,210
Other current assets	(23,127)	(836)	37,868
Contract liabilities	125,630	4,539	(294,627)
Notes payable	1	-	-
Trade payables	(105,846)	(3,824)	1,386
Trade payables to related parties	(13)	-	87
Other payables	64,116	2,316	10,881
Other current liabilities	51,810	1,872	19,072
Net defined benefit liabilities	(47,392)	(1,712)	(56,880)
Cash generated from operations	(342,026)	(12,356)	369,424
Interest received	1,342	48	392
Interest paid	(29,418)	(1,063)	(28,021)
Income tax paid	(67,852)	(2,451)	(125,718)
Net cash (used in) generated from operating activities	(437,954)	(15,822)	216,077

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$)

	2021		2020
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets as fair value through other comprehensive income	\$ (291,460)	\$ (10,529)	\$ -
Purchase of financial assets at amortized cost	(41,149)	(1,486)	(71,656)
Payments for property, plant and equipment	(67,228)	(2,429)	(62,631)
Proceeds from disposal of property, plant and equipment	3,832	138	879
Increase in refundable deposits	(5,412)	(196)	(924)
Payments for intangible assets	(26,253)	(948)	(11,003)
Increase in prepayments for equipment	<u>(49,797)</u>	<u>(1,799)</u>	<u>(18,195)</u>
Net cash used in investing activities	<u>(477,467)</u>	<u>(17,249)</u>	<u>(163,530)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	508,855	18,383	128,774
Proceeds from short-term bills payable	309,889	11,195	40,343
Proceeds from long-term borrowings	360,000	13,006	100,000
Proceeds from guarantee deposits received	4,947	179	8,127
Repayment of the principal portion of lease liabilities	(12,352)	(446)	(10,986)
Issue of cash dividends	(339,376)	(12,261)	(261,058)
Change in non-controlling interests	45,000	1,626	-
Unclaimed share	<u>157</u>	<u>6</u>	<u>163</u>
Net cash generated from financing activities	<u>877,120</u>	<u>31,688</u>	<u>5,363</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(7,227)</u>	<u>(45)</u>	<u>8,703</u>
NET (DECREASE) INCREASE IN CASH	(45,528)	(1,428)	66,613
CASH AT THE BEGINNING OF THE YEAR	<u>214,509</u>	<u>7,532</u>	<u>147,896</u>
CASH AT THE END OF THE YEAR	<u>\$ 168,981</u>	<u>\$ 6,104</u>	<u>\$ 214,509</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of NT\$ and US\$)

	December 31		
	2021		2020
	NT\$	US\$ (Note)	NT\$
CASH IN THE CONSOLIDATED BALANCE SHEETS	\$ 114,912	\$ 4,151	\$ 170,816
CASH INCLUDED IN DISPOSAL GROUPS HELD FOR SALE	<u>54,069</u>	<u>1,953</u>	<u>43,693</u>
CASH IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS	<u>\$ 168,981</u>	<u>\$ 6,104</u>	<u>\$ 214,509</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fortune Electric Co., Ltd.

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Fortune Electric Co., Ltd. for the year of 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of Fortune Electric Co., Ltd. for the year of 2021 are stated as follows :

Occurrence of operating revenue

Among the operating revenue of Fortune Electric Co., Ltd. in 2021, the revenue from a single major customer accounted for 32.43% of the operating revenue of the whole year. As the operating revenue from the single customer had a significant impact on the financial statements of Fortune Electric Co., Ltd. this year, the revenue from the main single customer of Fortune Electric Co., Ltd. is identified as a key audit matter. Please refer to NOTE 4 of the financial statements for the details of the information about the accounting policy for recognizing revenue.

Our key audit procedures performed in respect of the above area included the following :

1. Understand and test the design and operating effectiveness of the internal controls over revenue recognition from occurrence of operating revenue.
2. Obtain the sample of the single customer's annual sales details and perform detail item substantive tests, and inspect customer order, delivery order and customer' signed receipt and other vouching confirm whether there is any abnormal situation in the occurrence of business income.

Responsibilities of Management and those charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, (including the audit committee), are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors 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 Fortune Electric Co., Ltd.'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 existed related to events or conditions that may cast significant doubt on Fortune Electric Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the Notes), and whether the parent company only financial statement 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 Fortune Electric Co., Ltd. to express an opinion on the parent company only 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, (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Fortune Electric Co., Ltd.'s the parent company only financial statements for the year ended 2020 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.

Deloitte & Touche

CPA Gung, Tza-Li

CPA Lee, Suei-Chin

Reference number of the FSC approval letter,
No. Financial-Supervisory-Securities-
Auditing-1000028068

Reference number of the FSC approval letter,
No. Financial-Supervisory-Securities-Auditing-
1100356048

March 23, 2022

Notices to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance, and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

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

Fortune Electric Co., Ltd.
Individual Balance Sheet
As of December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note 6)	\$ 16,117	-	\$ 130,160	2
1136	Current financial assets at amortized cost (Notes 9 and 32)	19,135	-	28,306	-
1140	Contract asset (Notes 21 and 23)	671,451	8	671,029	9
1150	Notes receivable (Note 23)	72,964	1	117,622	2
1170	Account receivable, net (Notes 10 and 23)	2,993,783	35	2,502,071	32
1180	Account receivable due from related parties, net (Note 31)	45,644	1	5,922	-
1220	Current tax assets (Note 25)	2,070	-	8,567	-
130X	Current inventories (Note 11)	2,065,326	24	1,969,735	25
1410	Prepayments (Note 31)	160,710	2	173,811	2
1470	Other current assets (Notes 21, 31, 32)	<u>57,355</u>	<u>1</u>	<u>39,872</u>	<u>1</u>
11XX	Total current assets	<u>6,104,555</u>	<u>72</u>	<u>5,647,095</u>	<u>73</u>
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 8)	316,033	4	44,343	1
1535	Non-current financial assets at amortized cost (Notes 9 and 32)	3,759	-	3,759	-
1550	Investments accounted for using equity method (Note 12)	761,851	9	708,447	9
1600	Property, Plant and equipment (Notes 13 and 32)	1,219,122	14	1,238,263	16
1755	Right-of-use assets (Notes 14 and 31)	10,488	-	18,638	-
1780	Intangible assets (Note 15)	39,313	1	31,181	-
1840	Deferred tax assets (Note 21)	29,973	-	47,118	1
1915	Prepayments for business facilities	31,386	-	4,625	-
1920	Guarantee deposits paid (Note 32)	<u>5,545</u>	<u>-</u>	<u>4,365</u>	<u>-</u>
15XX	Total Non-current assets	<u>2,417,470</u>	<u>28</u>	<u>2,100,739</u>	<u>27</u>
1XXX	Total assets	<u>\$ 8,522,025</u>	<u>100</u>	<u>\$ 7,747,834</u>	<u>100</u>
	Liabilities and equity				
	Current Liabilities				
2100	Current borrowings (Note 16 and 32)	\$ 512,047	6	\$ 159,566	2
2120	Current financial liabilities at fair value through profit or loss (Note 7)	-	-	4	-
2130	Current contract liabilities (Notes 21 and 23)	750,210	9	641,601	8
2150	Notes payable	1	-	-	-
2170	Accounts payable (Note 17)	1,883,697	22	1,978,131	26
2180	Account payable to related parties (Note 31)	167,159	2	21,675	-
2200	Other payables (Note 18)	287,627	3	295,146	4
2230	Current tax liabilities (Note 25)	39,763	-	32,311	-
2250	Provisions (Note 19)	8,579	-	7,098	-
2280	Current lease liabilities (Note 14 and 31)	4,832	-	6,564	-
2300	Other current liabilities	<u>50,333</u>	<u>1</u>	<u>49,215</u>	<u>1</u>
21XX	Total liabilities	<u>3,704,248</u>	<u>43</u>	<u>3,191,311</u>	<u>41</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 16 and 32)	1,141,800	13	741,800	10
2570	Deferred tax liabilities (Note 25)	44,512	1	65,761	1
2580	Non-current lease liabilities (Notes 14 and 31)	5,722	-	12,673	-
2640	Net defined benefit liability, non-current (Note 20)	129,401	2	178,859	2
2645	Guarantee deposits received	<u>17,327</u>	<u>-</u>	<u>10,414</u>	<u>-</u>
25XX	Total non-current liabilities	<u>1,338,762</u>	<u>16</u>	<u>1,009,507</u>	<u>13</u>
2XXX	Total liabilities	<u>5,043,010</u>	<u>59</u>	<u>4,200,818</u>	<u>54</u>
	Equity				
3110	Ordinary Share	<u>2,610,585</u>	<u>31</u>	<u>2,610,585</u>	<u>34</u>
3200	Capital surplus	<u>3,484</u>	<u>-</u>	<u>1,414</u>	<u>-</u>
	Retained earnings				
3310	Legal reserve	444,315	6	400,777	5
3320	Special reserve	15,347	-	8,975	-
3350	Unappropriated retained earnings	<u>442,862</u>	<u>5</u>	<u>540,612</u>	<u>7</u>
3300	Total retained earnings	<u>902,524</u>	<u>11</u>	<u>950,364</u>	<u>12</u>
	Other equity				
3410	Exchange difference on translation of foreign financial statements	(26,619)	(1)	(24,158)	-
3420	Unrealized Gain or Losses on FVTOCI Financial Assets	<u>(10,959)</u>	<u>-</u>	<u>8,811</u>	<u>-</u>
3400	Other equity interest	<u>(37,578)</u>	<u>(1)</u>	<u>(15,347)</u>	<u>-</u>
3XXX	Total equity	<u>3,479,015</u>	<u>41</u>	<u>3,547,016</u>	<u>46</u>
	Total liabilities and equity	<u>\$ 8,522,025</u>	<u>100</u>	<u>\$ 7,747,834</u>	<u>100</u>

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

Chairman: Hsu, Bang-Fu

Manager: Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor: Chiu, Hsu-Lan

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

Fortune Electric Co., Ltd
Individual Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		Amount	%	Amount	%
	Operating revenue (Notes 23, 31 and 32)				
4100	Sales	\$ 7,085,405	82	\$ 6,844,206	86
4520	Construction revenue	<u>1,539,976</u>	<u>18</u>	<u>1,152,273</u>	<u>14</u>
4000	Total operating revenue	<u>8,625,381</u>	<u>100</u>	<u>7,996,479</u>	<u>100</u>
	Operating costs (Notes 11, 20, 24, and 31)				
5110	Sales costs	5,964,015	69	5,679,135	71
5520	Construction cost	<u>1,404,313</u>	<u>16</u>	<u>1,128,427</u>	<u>14</u>
5000	Operating costs	<u>7,368,328</u>	<u>85</u>	<u>6,807,562</u>	<u>85</u>
5900	Gross profit from operations	<u>1,257,053</u>	<u>15</u>	<u>1,188,917</u>	<u>15</u>
	Operating expenses (Notes 20, 24, 31 and 33)				
6100	Selling expenses	548,160	6	488,472	6
6200	Administrative expenses	157,510	2	144,774	2
6300	Research and development expense	118,149	2	128,744	2
6450	Expected credit loss	<u>3,737</u>	<u>-</u>	<u>11,999</u>	<u>-</u>
6000	Total operating expenses	<u>827,556</u>	<u>10</u>	<u>773,989</u>	<u>10</u>
6900	Net operating income	<u>429,497</u>	<u>5</u>	<u>414,928</u>	<u>5</u>
	Non-operating income and expenses				
7100	Interest revenue (Note 24)	855	-	202	-
7190	Other income (Note 24)	37,832	-	27,535	-
7190	Government grants income (Note 4)	6,667	-	12,498	-
7020	Other gains and losses (Note 24)	(30,459)	-	2,003	-
7050	Financial Cost (Note 24 and 31)	(19,319)	-	(16,754)	-
7070	Share of profit (loss) of Associates & Joint Ventures accounted for using equity method (Note 12)	(<u>57,376</u>)	(<u>1</u>)	<u>107,792</u>	<u>2</u>
7000	Total non-operating income and expenses	(<u>61,800</u>)	(<u>1</u>)	<u>133,276</u>	<u>2</u>

(continued on next page)

(continued)

Code		2021		2020	
		Amount	%	Amount	%
7900	Profit before tax	\$ 367,697	4	\$ 548,204	7
7950	Tax expense (Note 25)	<u>77,814</u>	<u>1</u>	<u>90,690</u>	<u>1</u>
8200	Profit	<u>289,883</u>	<u>3</u>	<u>457,514</u>	<u>6</u>
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (Losses) on remeasurements of defined benefit plans (Note 21)	2,066	-	(27,669)	(1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(19,770)	-	(10,639)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 25)	(<u>413</u>)	<u>-</u>	<u>5,533</u>	<u>-</u>
		(<u>18,117</u>)	<u>-</u>	(<u>32,775</u>)	(<u>1</u>)
8360	Components of other comprehensive income that may be reclassified subsequently to profit or loss:				
8363	Cash flow hedge	-	-	674	-
8370	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	(<u>2,461</u>)	<u>-</u>	<u>3,593</u>	<u>-</u>
		(<u>2,461</u>)	<u>-</u>	<u>4,267</u>	<u>-</u>
8300	Other total comprehensive income	(<u>20,578</u>)	<u>-</u>	(<u>28,508</u>)	(<u>1</u>)
8500	Total comprehensive income	<u>\$ 269,305</u>	<u>3</u>	<u>\$ 429,006</u>	<u>5</u>
	Earnings per share (Note 26)				
9710	Basic	<u>\$ 1.11</u>		<u>\$ 1.75</u>	
9810	Diluted	<u>\$ 1.11</u>		<u>\$ 1.75</u>	

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

Chairman : Hsu, Bang-Fu Manager : Hsu, I-Sheng, Hsu, I-Te Accounting Supervisor : Chiu, Hsu-Lan

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

Fortune Electric Co., Ltd
Individual Statement of Changes in Equity
For the years ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars, Except Earning per Share

							Other equity interest (Note 4, 8 and 22)					
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on assets at fair value through other comprehensive income				
		Ordinary share	Capital surplus	Retained (Note 22 and 26)								
						Unappropriated Retained Earnings						
Code		(Note 22)	(Note 22)	Legal reserve	Special reserve	Total			Cash flow hedge	Total	Total Equity	
A1	Balance, January 1, 2020	\$ 2,610,585	\$ 1,251	\$ 360,334	\$ 11,273	\$ 404,437	\$ 776,044	(\$ 27,751)	\$ 19,450	(\$ 674)	(\$ 8,975)	\$ 3,378,905
	Appropriations of 2019 earnings											
B1	Legal reserve appropriated	-	-	40,443	-	(40,443)	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	(2,298)	2,298	-	-	-	-	-	-
B5	Cash dividends – NT\$1/per share	-	-	-	-	(261,058)	(261,058)	-	-	-	-	(261,058)
		-	-	40,443	(2,298)	(299,203)	(261,058)	-	-	-	-	(261,058)
C17	Unclaimed cash dividends	-	163	-	-	-	-	-	-	-	-	163
D1	Net profit for 2020	-	-	-	-	457,514	457,514	-	-	-	-	457,514
D3	Other comprehensive income(loss) for 2020 after tax	-	-	-	-	(22,136)	(22,136)	3,593	(10,639)	674	(6,372)	(28,508)
D5	Total comprehensive income(loss) for 2020	-	-	-	-	435,378	435,378	3,593	(10,639)	674	(6,372)	429,006
Z1	Balance, December 31, 2020	2,610,585	1,414	400,777	8,975	540,612	950,364	(24,158)	8,811	-	(15,347)	3,547,016
	Appropriation of 2020 earnings											
B1	Legal reserve appropriated	-	-	43,538	-	(43,538)	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	6,372	(6,372)	-	-	-	-	-	-
B5	Cash dividends – NT\$ 1.3/per share	-	-	-	-	(339,376)	(339,376)	-	-	-	-	(339,376)
		-	-	43,538	6,372	(389,286)	(339,376)	-	-	-	-	(339,376)
C17	Unclaimed cash dividends	-	157	-	-	-	-	-	-	-	-	157
M7	Changes in ownership interests in subsidiaries	-	1,913	-	-	-	-	-	-	-	-	1,913
D1	Net profit for 2021	-	-	-	-	289,883	289,883	-	-	-	-	289,883
D3	Other comprehensive income(loss) for 2021 after tax	-	-	-	-	1,653	1,653	(2,461)	(19,770)	-	(22,231)	(20,578)
D5	Total comprehensive income(loss)	-	-	-	-	291,536	291,536	(2,461)	(19,770)	-	(22,231)	269,305
Z1	Balance, December 31, 2021	\$ 2,610,585	\$ 3,484	\$ 444,315	\$ 15,347	\$ 442,862	\$ 902,524	(\$ 26,619)	(\$ 10,959)	\$ -	(\$ 37,578)	\$ 3,479,015

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

Chairman: : Hsu, Bang-Fu Manager: Hsu, I-Sheng, Hsu, I-Te Accounting Supervisor: Chiu, Hsu-Lan

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

Fortune Electric Co., Ltd
Individual Statements of Cash Flows
For the year ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		2021	2020
	Cash flows from operating activities		
A00010	Profit before tax	\$ 367,697	\$ 548,204
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	75,985	73,285
A20200	Amortization expense	16,914	11,422
A20300	Expected credit loss	3,737	11,999
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-	4
A20900	Financial cost	19,319	16,754
A21200	Interest income	(855)	(202)
A22400	Share of loss (profit) of Associates & Joint Ventures Accounted for Using Equity Method	57,376	(107,792)
A22500	Loss (gain) on disposal	662	77
A29900	Gain on lease modifications	(516)	-
A23700	Provisions for liability	1,481	920
A23800	(Gain) Loss on inventory valuation	(203)	2,268
A30000	Changes in operating assets and liabilities, net		
A31110	Financial instruments at fair value through profit or loss	(4)	(1,333)
A31125	Contract asset	(422)	(134,952)
A31130	Note receivable	44,658	(39,625)
A31150	Account receivable	(516,155)	(1,476)
A31160	Receivable from related parties	(39,722)	(5,922)
A31200	Inventories	(108,382)	126,345
A31230	Accounts payable	11,277	315,845
A31240	Other current assets	(18,370)	(9,427)
A32125	Contract liability	111,976	(288,965)
A32130	Notes payable	1	-
A32150	Accounts payable	(93,307)	(4,017)
A32160	Payable to related parties	145,484	(435)
A32180	Other payable	(6,286)	16,065
A32230	Other current liabilities	1,301	(28,430)
A32240	Net defined benefit liability	(47,392)	(56,880)
A33000	Cash generated from operations	26,254	443,732

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Code		2021	2020
A33100	Interest received	\$ 894	\$ 202
A33300	Interest paid	(18,438)	(17,640)
A33500	Income tax paid	(67,534)	(123,633)
AAAA	Net cash flows (out) from operating activities	(58,824)	302,661
Cash flows from investing activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(291,460)	-
B00040	Acquisition of financial assets at amortized cost	9,171	(29,478)
B02200	Investments accounted for using equity method	(134,947)	(11,173)
B02700	Acquisition of property, plant and equipment	(54,097)	(54,445)
B02800	Proceeds from disposal of property, plant and equipment	1,178	879
B03800	Increase in refundable deposits	(1,194)	(962)
B04500	Acquisition of intangible assets	(25,716)	(11,003)
B05000	Cash outflows from business demerger	(10,272)	-
B07100	Increase in prepayments for business facilities	(43,608)	(16,862)
B07600	Dividends received	84,619	-
BBBB	Net cash flows from investing activities	(466,326)	(123,044)
Cash flows from financing activities			
C00200	Increase (decrease) in short-term loans	352,481	130,518
C01600	Payments of finance lease liabilities	400,000	-
C03000	Guarantee deposit received	6,913	6,161
C04500	Cash dividends paid	(339,376)	(261,058)
C04020	Payments of lease liabilities	(9,068)	(8,752)
C09900	Unclaimed cash dividends	157	163
CCCC	Net cash flows (out) from financing activities	411,107	(132,968)
EEEE	Net increase(decrease) in cash	(114,043)	46,649
E00100	Cash at beginning of the year	130,160	83,511
E00200	Cash at end of period	\$ 16,117	\$ 130,160

The accompany notes are an integral part of the parent company only financial statements.

Chairman: Hsu, Bang-Fu Manager: Hsu, I-Sheng Hsu, I-Te Accounting supervisor: Chiu, Hsu-Lan

TWO

Proposed by board of directors

Proposal: 2021 earnings distribution proposal, for your approval.

Explanation:

- (1) The Company's pre-tax net profit of the year 2021 was NT\$ 289,882,893, and 2021 earnings distribution statement was made as follows:

FORTUNE ELECTRIC CO., LTD.
2021 Earnings Distribution Statement

Unit: NTD

Item	Amount	
	Subtotal	Total
Beginning undistributed earnings	151,325,804	
Actuarial gain/loss through retained earnings	1,652,800	
Adjusted undistributed earnings		152,978,604
Add: 2021 pre-tax net profit	289,882,893	
Deduct: 10% designated legal reserve	29,153,569	
Deduct: according to the law, designated special reserve	22,231,024	
Distributable earnings		391,476,904
Appropriated items:		
Cash dividend to shareholders (per share NT\$ 1) (note)	261,058,548	
Unappropriated retained earnings		130,418,356

Note: The earnings of year 2021 was firstly distributed for the earnings distribution.

Chairman: Hsu, Bang-Fu

Manager: Hsu, I-Sheng,
Hsu, I-Te

Accounting Supervisor:
Chiu, Hsu-Lan

- (2) For your approval.

Resolution:

Matters for Discussion

ONE

Proposed by board of directors

Proposal: Amendment of “Regulations Governing the Acquisition and Disposal of Assets”, for your resolution.

Explanation: 1. To conform to laws, drew up amending “Regulations Governing the Acquisition and Disposal of Assets”.

2. Comparison of current articles and amended articles is as follows.

FORTUNE ELECTRIC CO., LTD.

Comparison of current articles and amended articles of “Regulations Governing the Acquisition and Disposal of Assets”

Amended articles	Current articles	Explanation
<p>Article 6</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. Omitted. 2. Omitted. 3. Omitted. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>industry code of subordinated associations</u> and the following:</p> <ol style="list-style-type: none"> (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. (2) When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. (3) They shall undertake an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data used, the parameters, and the 	<p>Article 6</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. Omitted. 2. Omitted. 3. Omitted. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. (2) When <u>auditing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. (3) They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 	<p>Base on experts subordinated associations, amended in accordance with laws.</p>

Amended articles	Current articles	Explanation
<p>information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 7</p> <p>Disposition procedures of acquiring or disposing of real property, equipment, or right-of-use assets</p> <p>1. Appraisal and operating procedures</p> <p>Omitted</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>Omitted.</p> <p>3. The units responsible for implementation</p> <p>Omitted.</p> <p>4. Appraisal reports of real property or equipment</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Omitted.</p> <p>(2) Omitted.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>Article 7</p> <p>Disposition procedures of acquiring or disposing of real property, equipment, or right-of-use assets</p> <p>1. Appraisal and operating procedures</p> <p>Omitted.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>Omitted.</p> <p>3. The units responsible for implementation</p> <p>Omitted.</p> <p>4. Appraisal reports of real property or equipment</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Omitted.</p> <p>(2) Omitted.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the</p>	<p>To conform to amendment of Article 6, and industry code of associations, an opinion issued by CPAs was covered, hence relevant texts were deleted.</p>

Amended articles	Current articles	Explanation
<p>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) Omitted.</p> <p>(5) Omitted.</p> <p>(6) Omitted.</p>	<p>reason for the discrepancy and the appropriateness of the transaction price:</p> <p>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) Omitted.</p> <p>(5) Omitted.</p> <p>(6) Omitted.</p>	
<p>Article 8</p> <p>Disposition procedures of acquiring and disposing of securities investment</p> <p>1. Appraisal and operating procedures</p> <p>Omitted</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>Omitted.</p> <p>3. The units responsible for implementation</p> <p>Omitted.</p> <p>4. Acquiring expert opinion</p> <p>(1) When the Company acquires and disposes of securities, the amount of the transaction reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(2) Omitted.</p> <p>When financial statements of the issuing company for the most recent period shall not be obtained, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, the Company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price, and shall meet the following requirements:</p> <p>(1) - (9) Omitted.</p>	<p>Article 8</p> <p>Disposition procedures of acquiring and disposing of securities investment</p> <p>1. Appraisal and operating procedures</p> <p>Omitted</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>Omitted.</p> <p>3. The units responsible for implementation</p> <p>Omitted.</p> <p>4. Acquiring expert opinion</p> <p>(1) When the Company acquires and disposes of securities, the amount of the transaction reaches 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, <u>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.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(2) Omitted.</p> <p>When financial statements of the issuing company for the most recent period shall not be obtained, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, the Company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price, and shall meet the following requirements:</p> <p>(1) - (9) Omitted.</p>	<p>To conform to amendment of Article 6, and industry code of associations, an opinion issued by CPAs was covered, hence relevant texts were deleted.</p>

Amended articles	Current articles	Explanation
<p>Article 9</p> <p>Operating procedures of related party transaction</p> <p>1. When the Company engages in any acquisition or disposal of assets, except operating procedures of acquiring real property, equipment or right-of-use assets conducted in accordance with Article 7, 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, and shall conduct matters of relevant resolution procedures and appraise the reasonableness of transaction conditions in accordance with the following regulations. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) Omitted.</p> <p>(2) Omitted.</p> <p>(3) Omitted.</p> <p>(4) Omitted.</p> <p>(5) Omitted.</p> <p>(6) Omitted.</p> <p>(7) Omitted.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph <u>and paragraph 6</u>, shall be done in accordance with Article 14, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, items which has been reported to <u>shareholders' meeting, audit committee and</u></p>	<p>Article 9</p> <p>Operating procedures of related party transaction</p> <p>1. When the Company engages in any acquisition or disposal of assets, except operating procedures of acquiring real property, equipment or right-of-use assets conducted in accordance with Article 7, 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, and shall conduct matters of relevant resolution procedures and appraise the reasonableness of transaction conditions in accordance with the following regulations. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) Omitted.</p> <p>(2) Omitted.</p> <p>(3) Omitted.</p> <p>(4) Omitted.</p> <p>(5) Omitted.</p> <p>(6) Omitted.</p> <p>(7) Omitted.</p> <p>The calculation of the transaction amounts referred to in the preceding, shall be done in accordance with Article 14, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, items which has been reported to the board of directors for</p>	<p>1. Strengthened management of related party transactions for subsidiaries of non-subordinated domestic public companies.</p> <p>2. Extension of transactions between parent company and subsidiary or subsidiaries does not need to be reported to shareholders' meeting for approval.</p>

Amended articles	Current articles	Explanation
<p>the board of directors for approval need not be counted toward the transaction amount.</p> <p>When the Company and subsidiaries engage in the following transactions, the board of directors shall authorized chairman to decide in advance within a certain amount, afterward, items shall be recognized by the meeting of board of directors of the current year for approval:</p> <p>(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where an audit committee has been established in accordance with Securities and Exchange Act, shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.</p> <p><u>When the Company or subsidiaries of non-subordinated domestic public companies has transaction prescribed in paragraph 2, the transaction amount reaches 10 percent or more of the Company's total paid-up capital, transaction contracts shall be signed and payment shall be paid after the Company reported to shareholders' meeting for approval. However, transactions between the Company and subsidiary, or subsidiaries shall not apply.</u></p> <p>3. Reasonableness appraisal of transaction costs</p> <p>Omitted.</p>	<p>approval need not be counted toward the transaction amount.</p> <p>When the Company and subsidiaries engage in the following transactions, the board of directors shall authorized chairman to decide in advance within a certain amount, afterward, items shall be recognized by the meeting of board of directors of the current year for approval:</p> <p>(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where an audit committee has been established in accordance with Securities and Exchange Act, shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.</p> <p>3. Reasonableness appraisal of transaction costs</p> <p>Omitted.</p>	
<p>Article 10</p> <p>Operating procedures of acquiring or disposing intangible assets or right-of-use assets or memberships</p> <p>(1) Appraisal and operating procedures</p> <p>Omitted</p> <p>(2) Determination procedures of transaction conditions and the degree of authority delegated</p> <p>Omitted.</p> <p>(3) The units responsible for implementation</p> <p>Omitted.</p> <p>(4) Expert's opinion report of memberships or intangible assets</p> <p>i. Omitted.</p> <p>ii. Omitted.</p> <p>iii. When the Company acquires and disposes intangible assets or right-of-use assets, the amount of the transaction reaches 20 percent of the Company's paid-in capital or NT\$ 300</p>	<p>Article 10</p> <p>Operating procedures of acquiring or disposing intangible assets or right-of-use assets or memberships</p> <p>(1) Appraisal and operating procedures</p> <p>Omitted</p> <p>(2) Determination procedures of transaction conditions and the degree of authority delegated</p> <p>Omitted.</p> <p>(3) The units responsible for implementation</p> <p>Omitted.</p> <p>(4) Expert's opinion report of memberships or intangible assets</p> <p>i. Omitted.</p> <p>ii. Omitted.</p> <p>iii. When the Company acquires and disposes intangible assets or right-of-use assets, the amount of the transaction reaches 20 percent of the Company's paid-in capital or NT\$ 300</p>	<p>To conform to amendment of Article 6, and industry code of associations, an opinion issued by CPAs was covered, hence relevant texts were deleted.</p>

Amended articles	Current articles	Explanation
million or more, except transactions with domestic competent authority, a certified public accountant prior to the date of occurrence of the event shall provide an opinion regarding the reasonableness of the transaction price.	million or more, except transactions with domestic competent authority, a certified public accountant prior to the date of occurrence of the event shall provide an opinion regarding the reasonableness of the transaction price, <u>and CPAs shall conduct in accordance with No. 20 of Statements on Auditing Standards issued by Accounting Research and Development Foundation.</u>	
<p>Article 14 Publicly disclosing information procedures</p> <p>1. Items shall be publicly announced and regulatory filed and standard of public announcement and regulatory filing</p> <p>(1) Omitted. (2) Omitted. (3) Omitted. (4) Omitted. (5) Omitted. (6) Omitted. (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of domestic government bonds <u>or foreign bonds with credit rating not lower than domestic sovereign rating level.</u></p> <p>ii. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of <u>foreign bonds</u> or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded note</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(8) Omitted.</p> <p>2. Time limit of conducting public announcement and regulatory filing</p> <p>Omitted.</p>	<p>Article 14 Publicly disclosing information procedures</p> <p>1. Items shall be publicly announced and regulatory filed and standard of public announcement and regulatory filing</p> <p>(1) Omitted. (2) Omitted. (3) Omitted. (4) Omitted. (5) Omitted. (6) Omitted. (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of domestic government bonds.</p> <p>ii. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(8) Omitted.</p> <p>2. Time limit of conducting public announcement and regulatory filing</p> <p>Omitted.</p> <p>3. Public announcement and regulatory filing procedures</p> <p>Omitted.</p>	<p>1. Extended exemption of conducting public announcement and regulatory filing for trading foreign bonds with credit rating not lower than domestic sovereign rating level.</p> <p>2. Extended exemption of conducting public announcement and regulatory filing where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign bonds or subscription or redemption of exchange traded note.</p>

Amended articles	Current articles	Explanation
3. Public announcement and regulatory filing procedures Omitted.		

Resolution:

TWO

Proposed by board of directors

Proposal: lifting restrictions of non-compete prohibition of current directors, for your resolution.

Explanation:

- (1) According to paragraph 1, Article 209 of the Company Act, “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”, when the Company’s current directors have competitive acts mentioned in paragraph 1, Article 209 of the Company Act, under the premise that the Company’s profits were not impaired, it shall be reported to a shareholders’ meeting for approval to lift the restriction of non-compete prohibition.
- (2) The director list of lifting non-compete prohibition and the relevant contents are as follows:

Title	Name	Company	Main operating scopes of the company
Director	Hsu, I-Sheng	Synergy Co., Ltd. Director representative	Engages in development of renewable energy and establishment of solar power plants, and maintenance of offshore wind power.
		E-FORMULA TECHNOLOGIES, INC. Director representative	Engages in establishment of cell sites, and plan of energy saving and energy management system.
		Fortune Electric Value Company Limited Chairman and CEO	Service of electric vehicle charging operation, plan and establishment of various charging stations, R&D and sale of relevant charging equipment, system, technologies of electric vehicles.

Resolution:

Extemporaneous Motions

Adjournment

Appendix 1

FORTUNE ELECTRIC CO., LTD.

Articles of Incorporation

Chapter 1. General Provision

Article 1: The Company organized in accordance with the Company Act, named “華城電機股份有限公司” and the English name is “FORTUNE ELECTRIC CO., LTD”.

Article 2: The Company’s operating business is as follow:

- (1) CC01010 power generation, power transmission, power distribution machinery manufacturing
- (2) CC01080 electronic component manufacturing
- (3) CC01990 other electrical engineering and electronic machinery equipment manufacturing
- (4) E601010 electrical installation industry
- (5) E603040 firefighting equipment construction
- (6) E603050 automatic control equipment engineering
- (7) EZ05010 instrument and meters installation engineering.
- (8) F113020 wholesale of household appliance
- (9) F114030 wholesale of motor vehicle parts and supplies
- (10) F213010 retail sale of electrical appliances
- (11) F214030 retail sale of motor vehicle parts and supplies
- (12) F401010 international trade
- (13) IG03010 energy technical services
- (14) CE01021 weights and measuring instruments manufacturing
- (15) E501011 tap water pipelines contractors
- (16) E602011 refrigeration and air conditioning engineering
- (17) CB01010 machinery equipment manufacturing
- (18) CB01030 pollution controlling equipment manufacturing
- (19) CD01030 automobile and parts manufacturing
- (20) CD01040 motor vehicles and parts manufacturing
- (21) E502010 fuel catheter installation engineering
- (22) E599010 piping engineering
- (23) E601020 electric appliance installation
- (24) E603010 cable installation engineering
- (25) E603080 traffic signs installation engineering
- (26) E603090 lighting equipment construction
- (27) E604010 machinery installation
- (28) E605010 computer equipment installation

- (29) E701030 controlled telecommunications radio-frequency devices installation engineering
- (30) EZ15010 warming and cooling maintenance construction
- (31) I103060 management consulting
- (32) I301010 information services
- (33) IF01010 fire safety equipment inspection and repair
- (34) E606010 power consuming equipment inspecting and maintenance
- (35) J101050 environmental testing services
- (36) J101060 wastewater (sewage) treatment
- (37) F213110 retail sale of batteries
- (38) F214010 retail sale of motor vehicles
- (39) F214020 retail sale of motorcycles
- (40) G202010 parking area operators
- (41) ZZ99999 except licensing business, all business items that are not prohibited or restricted by law.

Article 2-1: The Company may make guarantees for other companies, reinvest in other business, and the Company's total investment may exceed 40% of paid-in capital.

Article 3: The Company established the head office in Taoyuan City, shall establish branches in other proper places, and its establishment and dissolution shall be approved by the resolution of board of directors when it's necessary.

Article 4: The Company's announcement methods shall be implemented in accordance with Article 28 of the Company Act.

Chapter 2. Shares

Article 5: The Company's total capital was set as NT\$ 2.75 billion, separated into 275 million common stocks, the price per share was NT\$ 10, and were issued by authorized board of directors in several times.

Taiwan Depository & Clearing Corporation may request to consolidating exchange large denomination securities.

Article 5-1: According to Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company is required to obtain the consent of at least two-third of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares, may issue employee stock warrants to transfer to employees with lower than the closing price of the Company's stocks as of the issuing date, and lower than the average price of actual buy-back.

Article 6: The Company may be exempted from printing any share certificate for the shares issued, but shall be registered in Taiwan Depository & Clearing Corporation.

Article 7: Affairs related to stocks, such as transfer of share ownership, grant, creation of rights, pledge, reporting of loss, inheritance, grant and reporting of specimen chop loss, change or address change, etc., shall be handled by the Company's shareholders in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies and other related regulations, unless otherwise provided by law or securities regulations.

Article 8: Deleted.

Article 9: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Chapter 3. Shareholders' meeting

Article 10: Shareholders' meeting shall be of two kinds: a regular shareholders' meeting and a special shareholders' meeting, the regular shareholders' meeting, a regular shareholders' meeting one time every year, within six months after close of each fiscal year, and the special shareholders' meeting shall be convened in accordance with the regulations when it's necessary.

Article 11: The Company's shareholders have one voting right each shareholding, but they have no voting right in accordance with restrictions or Article 179-2 of the Company Act and related regulations.

Article 12: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair; a shareholders' meeting convened by a party with the power to convene that is not the board of directors, the meeting shall be chaired by him/her/it, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 13: A resolution approved by a shareholders' meeting, unless otherwise provided by the Company Act, shall be adopted by a majority of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.

The Company's shareholders may exercise voting rights by means of electronic transmission, and related matters shall be handled in accordance with the law and regulations.

Chapter 4. Board of Directors and Audit Committee

Article 14: The Company may organize the board of directors with 5-13 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity, and the term of office of a director shall not exceed three years, but he/she may be eligible for re-election.

The board of directors shall have at least three independent directors among board of directors members, and shall not be less than one-fifth of the director seats.

A candidate nomination system shall be adopted, independent directors shall be elected and appointed by board of directors from the director candidates list, and shall be handled in accordance with Article 192-1 of the Company Act.

The total number of shares of the Company's registered share certificates held by all directors, shall be met the standard of Regulations of Securities Authority.

Article 14-1: Remunerations of chairman, vice chairman and directors, according to his/her participation degree and dedicated value, shall be approved by authorized board of directors in accordance with the general level of the same industry.

The Company may purchase a liability insurance for the Company's directors

approved by the resolution of board of directors.

Article 15: Board of directors was organized by directors, adopted by a majority vote at a meeting of the board of directors attended by over two-third of the directors, a chairman shall be elected from among the directors. The chairman represents the Company externally, and as the business needs, a vice chairman may be elected among directors by the same way.

Article 16: The duties and powers of the board of directors are as follows:

- (1) Approval of business plans.
- (2) Preparation of important chapters and contracts.
- (3) Established and dissolution of branches.
- (4) Drawing up budgets and final accounts.
- (5) Appointment and removal of executive staff.
- (6) Other regulation matters provided by the Company Act and the Article of Incorporation.

Article 17: If a shareholders meeting is convened by the chairman, and the chairman shall be the chair of the meeting. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair; where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

Article 17-1: A meeting of board of directors shall be convened one time each quarter, in calling a meeting of the board of directors, a notice stating causes shall be given to each director no later than 7 days prior to the scheduled meeting date; but in the case of emergency, a meeting of the board of directors may be convened at any time. The notice of convening a meeting of board of directors shall be made in forms of writing, fax or E-mail, etc.

Article 18: A resolution approved by a shareholders' meeting, unless otherwise provided by the Company Act, shall be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company.

In case a meeting of the board of directors is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 19: In case a director is unable to attend a meeting of board of directors in person for any cause, he/she/it shall can designate one director to represent, but a director may accept the appointment to act as the proxy of one other director only.

Article 20: The Company may establish an audit committee in accordance with Article 14-4 of Securities and Exchange Act, and the audit committee shall be composed of all independent directors, one of the independent directors shall be a convener, and at least one person shall have specialties of accountant or finance. The audit committee shall replace the duties of a supervisor from the established date of the audit committee, and shall invalidate a supervisor at the same time.

Chapter 5. (Deleted)

Article 20-1: Deleted.

Article 21: Deleted.

Article 22: Deleted.

Chapter 6. Managerial Officer

Article 23: The Company may have a general manager and a chief executive officer, and shall uphold a policy of a resolution of board of directors, and comprehensive management of the Company's all businesses adopted by a majority of the total number of directors of the Company to appoint and removal separately.

Article 24: The Company may have several managerial officers, and shall be reported to be approved by a majority of the total number of directors of the Company for his/her appointment and removal.

Chapter 7. Accounting

Article 25: The Company's fiscal year is from January 1 to December 31.

Article 26: At the close of the Company's fiscal year, the board of directors shall prepare the following statements and records and shall forward the same for approval:

(1) The business report.

(2) The financial statements.

(3) The surplus earning distribution or loss off-setting proposals.

The preceding regulations shall be handled by the audit committee in accordance with the rules of audit committee from the establishment date of audit committee.

Article 27: When the Company has an amount of profit (the term "an amount of profit" means pre-tax benefits deducted the benefits before employees' and directors' remuneration), shall allocate not less than 3% as employees' remuneration, not more than 2% as directors' remuneration. However, the company's accumulated losses (including adjusted unappropriated earnings) shall have been covered.

Employees' remuneration mentioned in the preceding paragraph may be distributed in the form of shares or in cash, and directors' remuneration may be distributed in cash only.

The preceding two paragraphs shall be handled by the resolution of board of directors, and shall be reported to the shareholders' meeting.

When the Company implements employees' remuneration, employee treasury stocks, employee subscription warrants, employee off-take of new shares, and employee stock option certificates, etc., for the payment objects, shall include the control met certain conditions or employees from the subsidiaries.

Article 27-1: When the Company's total budget has after-tax net profit (included adjusted undistributed earnings), the accumulated losses shall have been reserved the accumulated amount in advance, allocated 10% as a legal reserve in accordance with the regulations, but when the accumulated legal reserve achieved the Company's total paid-in capital, this shall not apply. Then appropriated or reversal special reserve in accordance with the decrees or the regulations of the competent authority. Earnings hereafter, together with beginning retained earnings, the earnings distribution proposal shall be programed by board of directors, and reported to a shareholders' meeting for a resolution of shareholders' dividends distribution.

Board of directors shall be authorized by directors attended by two-thirds of the directors of the company, and a resolution by a majority of attended directors, the Company's all or part of distribution of dividends and bonus shall be distributed in cash, and reported to a shareholders' meeting.

The Company's dividend policy, was along with the current and future development plan, considered the investment environment, capital needs and domestic and overseas competition situations, and to take the factors into account, like shareholder's equity, etc., the appropriation of distributable earnings of each year, shall not be less than 60% of distributed shareholders' dividends, distributed shareholders' dividends shall be paid in cash or in form of stocks, and cash dividend ratio shall not be less than 25% of total distributed dividends therein as restrictions.

Article 27-2: When the Company has no deficit, board of directors shall be authorized by two-third or more of attended directors, adopted by a majority of the directors at a meeting, legal reserve (the part of more than 25% of paid-up capital) and all or part of capital reserve in accordance with the Company Act shall be paid in cash, and reported to a shareholders' meeting.

Chapter 8. Supplemental Provisions

Article 28: The Company's organizational regulations and the handling rules may be prescribed separately.

Article 29: Unsettled affairs of the Articles of Incorporation shall be handled in accordance with the Company Act.

Article 30: The Articles of Incorporation was drawn up on August 4, 1969.

The 1st amendment was made on December 31, 1974.

The 2nd amendment was made on July 27, 1979.

The 3rd amendment was made on December 28, 1979.

The 4th amendment was made on September 26, 1982.

The 5th amendment was made on January 5, 1984.

The 6th amendment was made on February 6, 1985.

The 7th amendment was made on November 10, 1986.

The 8th amendment was made on July 13, 1987.

The 9th amendment was made on June 27, 1988.

The 10th amendment was made on November 16, 1989.

The 11th amendment was made on April 20, 1991.

The 12th amendment was made on August 20, 1991.

The 13th amendment was made on June 25, 1992.

The 14th amendment was made on October 12, 1992.

The 15th amendment was made on May 12, 1993.

The 16th amendment was made on May 24, 1994.

The 17th amendment was made on May 28, 1996.

The 18th amendment was made on May 20, 1997.

The 19th amendment was made on May 7, 1998.

The 20th amendment was made on May 24, 2000.

The 21st amendment was made on June 22, 2001.

The 22nd amendment was made on June 26, 2002.

The 23rd amendment was made on June 23, 2003.

The 24th amendment was made on June 28, 2005.

The 25th amendment was made on June 15, 2006.

The 26th amendment was made on June 27, 2007.

The 27th amendment was made on June 19, 2008.

The 28th amendment was made on June 10, 2009.

The 29th amendment was made on June 10, 2011.

The 30th amendment was made on February 17, 2012.
The 31st amendment was made on June 23, 2014.
The 32nd amendment was made on June 13, 2016.
The 33rd amendment was made on June 14, 2017.
The 34th amendment was made on June 13, 2019.
The 35th amendment was made on June 12, 2020.

FORTUNE ELECTRIC CO., LTD.
Rules of Procedure for Shareholders Meetings

Approved by the regular shareholders' meeting on June 15, 2015

- Article 1: The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. 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 plus the number of shares whose voting rights are exercised by correspondence or electronically. 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. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- Article 2: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act. 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 3: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 4: If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. 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 5: The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting, and shall retained it for at least one year.
- Article 6: 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 may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After the meeting was adjourned, a new chair shall not be elected by shareholders to continue a meeting at the original address or other place. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 7: 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 he/she has not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

Article 8: 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 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.

Article 9: After an attending shareholder has spoken, the chair may respond in person or designate relevant personnel to respond.

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

Article 10: 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.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 11: When a meeting is in progress, the chair may announce a break based on time considerations.

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 paragraph 2, Article 179 of the Company Act.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

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.

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.

Article 13: 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 armband bearing the word "Proctor."

Article 14: A shareholder (or a proxy) shall obey the related instruction of maintaining order from the chair, the proctors (or security personnel). When a person disrupts the shareholders' meeting, and shall be excluded by the chair or the proctors (or security personnel).

Article 15: Unsettled affairs of the Articles of Incorporation shall be handled in accordance with the Company Act, Securities and Exchange Act and related decrees.

Article 16: These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 3

FORTUNE ELECTRIC CO., LTD. Regulations Governing the Acquisition and Disposal of Assets

Article 1: Purpose

To protect assets and implement information disclosure, these regulations were drawn up, and matters shall be conducted in accordance with these regulations.

Article 2: Legal basis

These regulations were drawn up in accordance with Article 36-1 of Securities and Exchange Act (hereinafter referred to as the Act) and relevant regulations of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by securities competent authority.

Article 3: Scope of assets

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

Article 4: 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 variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
9. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the acquisition and disposal assets, and items need not be counted toward the transaction amount.
10. "Financial statements of the current year" as used herein before the Company acquires and disposes assets, financial statements shall be certified or reviewed by a certified public accountant, and disclosed in accordance with regulations.
11. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
12. 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.

Article 5: Investment of real property and right-of-use assets not for business use or the amount of securities

The amount of the preceding assets individually acquired by the Company and subsidiaries is as follows:

- (1) The total amount of real property and right-of-use assets not for business use shall not exceed 15 percent of the Company's net worth.
- (2) The total amount of investing long-term and short-term securities shall not exceed 50 percent of the Company's net worth.
- (3) The amount of investing individual securities shall not exceed 25 percent of the Company's net worth.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act,

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

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with industry code of subordinated associations and 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 adequacy and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 7: Disposition procedures of acquiring and disposal real property, equipment or right-of-use assets

1. Appraisal and operating procedures

When the Company acquires and disposes real property, equipment or right-of-use assets, shall be conducted in accordance with the Company's internal control system and cycling procedures of real property, factories and equipment assets.

2. Determination procedures of transaction conditions and the degree of authority delegated

- (1) When acquiring and disposing real property, shall refer to the publicly announced current value, assessment value, actual transaction price of real property involving neighboring, etc., when determining transaction conditions and transaction price, the amount is less than NT\$ 30 million, it shall be reported to general manger or CEO for approval; the amount is less than NT\$ 40 million, it shall be reported to vice chairman for approval, and the amount exceeds NT\$ 40 million, but is less than NT\$ 50 million, it shall be reported to chairman for approval; the amount exceeds NT\$ 50 million, it shall be done after reported to the board of directors for approval.
- (2) When acquiring and disposing equipment, shall choose one of ways of inquiry, parity, bargain or bid to conduct, the amount is less than NT\$ 30 million, it shall be reported to general manager or CEO for approval; the amount exceeds NT\$ 30 million, but is less than NT\$ 40 million, it shall be reported to vice chairman for approval, and the amount exceeds NT\$ 40 million, but is less than NT\$ 50 million,

it shall be reported to chairman for approval; the amount exceeds NT\$ 50 million, it shall be done after reported to the board of directors for approval.

- (3) When the Company acquires and disposes assets in accordance with these regulations or other laws, shall be approved by the board of directors.

Where an audit committee has been established in accordance with Securities and Exchange Act, shall be approved by more than half of all audit committee members first, and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.

3. The units responsible for implementation

When the Company acquires and disposes real propter, equipment or right-of-use assets, shall be implemented by the utilized department and management office after reported for approval in accordance with the preceding verification authority.

4. Appraisal report of real property or equipment

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

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (5) Where the Company acquires and disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

- (6) When issuing an appraisal report or opinion, the professional appraiser shall comply with the following:
 - i. The appraiser and appraisal officers may not be a related party of any party to the transaction.
 - ii. The appraiser and appraisal officers shall not have matters of criminal sentencing determined or sentence of imprisonment.
 - iii. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers and appraisal officers may not be related parties of each other.

Article 8: Disposition procedures of acquiring and disposing securities investment

1. Appraisal and operating procedures

When the Company had securities trading, shall be conducted in accordance with the Company's internal control system and investment recycle operation.

2. Determination procedures of transaction conditions and the degree of authority delegated

- (1) Where done by professional investors-securities trading on centralized exchange market or OTC markets, prior to the date of occurrence of the event, financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant shall be made by the unit of responsibility for assessing and determining in accordance with the judgment of the market, and when the amount is less than NT\$ 30 million, it shall be reported to general manager or CEO for approval; when the amount exceeds NT\$ 30 million, but is less than NT\$ 40 million, it shall be reported to vice chairman for approval, when the amount exceeds NT\$ 40 million, but is less than NT\$ 50 million, it shall be reported to chairman for approval; when the amount exceeds NT\$ 50 million, it shall be conducted after additionally reported to the board of directors for approval.
 - (2) Where done by professional investors-securities trading not on centralized exchange market or OTC markets, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and to consider the net worth per share, profitability and future development potential, etc., and reference or calculation of the transaction price and transaction conditions shall be reported to general manager or CEO for approval, in addition, when the amount is less than NT\$ 30 million, it shall be reported to general manager or CEO for approval; when the amount exceeds NT\$ 30 million, but is less than NT\$ 40 million, it shall be reported to vice chairman for approval, when the amount exceeds NT\$ 40 million, but is less than NT\$ 50 million, it shall be reported to chairman for approval; when the amount exceeds NT\$ 50 million, it shall be conducted after additionally reported to the board of directors for approval.
 - (3) Acquisition and disposal of assets conducted by the Company in accordance with operating procedures or other laws, shall be approved by the board of directors. When a matter is submitted for discussion by the board of directors pursuant to paragraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
3. The units responsible for implementation

When the Company has securities trading, shall be implemented by financial department after reported for approval in accordance with the preceding verification authority.

4. Acquisition of expert's opinions

- (1) When the transaction amount of the Company's acquiring and disposing securities is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of Securities Competent Authority.
- (2) Where the Company acquires and disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

5. When conforming to the following circumstances, financial statements of the issuing company for the most recent period certified or reviewed by a certified public accountant shall not be obtained, and the Company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price in accordance with the following regulations:

- (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with laws, and recognition rights of securities are equal to contribution ratio.
- (2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations.
- (3) Securities issued by an investee company in which it directly or indirectly holds 100 percent of the issued shares, is carrying out a cash capital increase to issue securities.
- (4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.
- (5) Government bonds or bonds in repurchase or reverse purchase agreements.
- (6) Public placement funds.
- (7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of acquiring and disposing listed securities.
- (8) Securities acquired through the Company's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.
- (9) A company subscribing domestic private equity, or subscription or redemption of domestic private placement funds before the fund was established in accordance with Article 11, paragraph 1 of Securities Investment Trust and Consulting Act, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

Article 9: Operating procedures of related party transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, except conducted in accordance with Article 7 of operating procedures of acquisition and disposal of real property, equipment or right-of-use assets, 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, and matters, such as relevant determination procedures and reasonableness of assessing transaction conditions, etc., matters shall be conducted in compliance with the following regulations. In addition, 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 a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

(2) The reason for choosing the related party as a transaction counterparty.

(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Article, paragraph 1, subparagraph 1 and 4.

(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

(7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph and paragraph 6 shall be done in accordance with Article 14, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, items reported to

shareholders' meeting, audit committee and the board of directors for approval in accordance with the procedures need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and subsidiary, the company's board of directors may pursuant delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

(2) Acquisition or disposal of real property right-of-use assets held for business use.

Where an audit committee has been established in accordance with Securities and Exchange Act, shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.

When the Company or a subsidiary of non-domestic public company has transactions in paragraph 2, the transaction amount is 10 percent or more of the Company's total assets, transaction contract can be signed and payment can be paid after the Company submitted all information prescribed in paragraph 2 to shareholders' meeting for approval. However, transactions between the Company and the subsidiary, or subsidiaries shall not apply.

3. Reasonableness evaluation of transaction costs

(1) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(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) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with this Article, paragraph 3, subparagraph 1 and 2, shall also engage a CPA to check the appraisal and render a specific opinion.

(4) The Company that acquires real property or right-of-use assets thereof from a related party, and when the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, and the matter shall be handled in compliance with this Article, paragraph 3, subparagraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

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 floor or area land prices in accordance with standard property market sale or leasing practices.

ii. Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or

parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

(5) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with this Article, paragraph 3, subparagraph 1, 2 and 4, are uniformly lower than the transaction price, the following steps shall be taken. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

i. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

ii. The audit committee shall comply with Article 218 of Company Act.

iii. Actions taken pursuant to this Article, paragraph 3, subparagraph 4, no. 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(6) Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, shall be conducted in accordance with relevant appraisal and operating procedures of this Article, paragraph 1, paragraph 2, and shall not apply to relevant regulations of reasonableness evaluation of transaction costs in this Article, paragraph 3, subparagraph 1, 2 and 3:

i. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing

date for the current transaction.

iii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

iv. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

(7) When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with this Article, paragraph 3, subparagraph 5, if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 10: Operating procedures of acquiring and disposing intangible assets or right-of-use assets or memberships

(1) Appraisal and operating procedures

When the Company acquires and disposes intangible assets or right-of-use assets or memberships, shall be conducted in accordance with the Company's internal control system and recycling procedures of real property, factories and equipment assets.

(2) Determination procedures of transaction conditions and the degree of authority delegated

i. When the Company acquires and disposes of memberships, shall refer to fair market price, determined transaction conditions and transaction price, and make an analysis report to report to general manager or CEO, when the amount is 1 percent of the Company's paid-up capital or less than NT\$ 3 million, it shall be reported to general manager or CEO for approval, and notified in the latest meeting of board of directors afterward; when the amount exceeds NT\$ 3 million, it shall be conducted after additionally reported to the board of directors for approval.

ii. When the Company acquires and disposes of intangible assets or right-of-use assets, shall refer to expert's assessment report or fair market price, determined transaction conditions and transaction price, and make an analysis report to report to vice chairman or chairman, when the amount is 10 percent of the Company's paid-up capital or less than NT\$ 30 million, it shall be reported to vice chairman or chairman for approval, and notified in the latest meeting of board of directors afterward; when the amount exceeds NT\$ 30 million, it shall be conducted after additionally reported to the board of directors for approval.

iii. With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations.

Where the position of independent director has been created in accordance with Securities and Exchange Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to paragraph 2, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

(3) The units responsible for implementation

When the Company acquires and disposes intangible assets or right-of-use assets, shall be implemented by the utilized department and management office after reported for approval in accordance with the preceding verification authority.

(4) Expert's assessing opinion report of memberships or intangible assets

i. When the Company acquires and disposes of memberships, the transaction amount is 1 percent of the Company's paid-up capital or exceeds NT\$ 3 million, an appraisal report shall be issued by the expert.

ii. When the Company acquires and disposes of memberships, the transaction amount is 10 percent of the Company's paid-up capital or exceeds NT\$ 20 million, an appraisal report shall be issued by the expert.

iii. When the Company acquires and disposes of intangible assets or right-of-use assets or memberships, the transaction amount is 20 percent of the Company's paid-up capital or exceeds NT\$ 300 million, except transactions of domestic competent authority, 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.

Article 10-1: The calculation of the transaction amounts referred to in the preceding four articles shall be done in accordance with Article 14, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction, items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11: Operating procedures of acquiring and disposing claims of financial institutions

The Company does not engage in transactions of acquiring and disposing claims of financial institutions in principle, when engaging in acquiring and sipping transactions of acquiring and disposing claims of financial institutions afterward, appraisal and operating procedures shall be drawn up after reported to the board of directors for approval.

Article 12: Operating procedures of acquiring and disposing derivatives

1. Transaction principle and policy

(1) Transaction types

i. When the Company engages in derivative financial product, the term “derivatives” means that the product value is derived by products, including asset, interest rate, exchange rate, index or other benefits, etc., for transaction contracts (such as forward contracts, option, futures, interest rate or exchange rate, exchange, and compound contracts, etc., made by the preceding product combinations).

ii. Relevant matters of relevant bond margin transactions shall be conducted in accordance with these Regulations. When engaging in bond transactions of repurchase agreement, and shall not apply to these Regulations.

(2) Operating or hedging strategies

When the Company engages in transactions of derivative financial products, hedging shall be the purpose, transaction products shall be chosen to use for hedging the risk caused by the Company’s business operation as the main reason, currency holding shall meet foreign currency needs of actual import and export transactions made by the Company. Transactions of other specific usage shall be discreetly assessed, and conducted after reported to the board of directors for approval.

(3) Segregation of duties

i. Management office

A. Financial department

- a. Transaction implement in accordance with authorization permissions.
- b. To consider credit of transaction bank, shall avoid over concentrating for risk spreading.
- c. Certainly audit accuracy of transaction record, and periodically reconcile accounts with transaction bank.
- d. Implement settlement task.
- e. Completely specify relevant management record.
- f. Monthly aggregate information to provide accounting department for announcing and regulatory filing to competent authority.

B. Accounting department

- a. Audit whether transactions are conducted in accordance with authorization permissions.
- b. Handle accounting transactions.
- c. Public announcement and regulatory filing procedures are made in accordance with securities competent authority.
- d. Confirm implementation of transactions.
- e. Quarterly implement appraisal.

C. Authorization permission of derivatives

a. Authorization permission of hedge trades

Verifier	Permissions of daily transactions (equivalent NTD)	Permissions of net accumulated position transactions (equivalent NTD)
Director of management office	Less than NT\$ 200 million (including)	Less than NT\$ 600 million (including)
General manager or CEO	Less than NT\$ 200 - 600million (including)	Less than NT\$ 2 billion(including)
Vice chairman	Less than NT\$ 600 - 800million (including)	Less than NT\$ 3 billion (including)
Chairman	More than NT\$ 800 million	Less than NT\$ 4 billion (including)

b. Non hedging transactions (transactions of specific usage)

Forecast of market changing status is based by the Company, financial department shall draw up strategies in accordance with needs, it shall be conducted after reported to general manager or CEO, vice chairman and chairman for approval, and for transactions of specific usage, total amount of the whole Company's net accumulated position contracts is US\$ 10 million as limit, when the mount exceeds the preceding amount, it shall be approved by the board of directors, and conducted in accordance with the directions of policy.

c. The Company's acquiring and disposing assets shall be approved by the board of directors in accordance with operating procedures or other laws.

ii. Audit department

Take charge of making a determination of the suitability of internal controls on derivatives and auditing abiding situation of operating procedures for transaction department, and if any material violation is discovered, shall be reported to the board of directors.

iii. Performance assessment

A. Hedging transaction

Hedging is the purpose for the type of transaction, so shall not be recognized in performance assessment.

- B. Non hedging transactions (transactions of specific usage)
Actually caused loss is the reference of performance assessment, and accounting personnel shall periodically make statements of positions to provide reference for the management.
- (4) Formulation of total amount of contracts and loss maximum
 - i. Total amount of contracts
When the Company engages in derivative financial products, the total amount maximum is the sum of NT\$ 4 billion (including) for hedging transactions and non-hedging transactions.
 - ii. Formulation of loss maximum
 - A. Hedging transaction is risk averse, loss maximum of whole and individual transactions contracts is 15 percent as limit, when it exceeds, shall be submitted to chairman immediately, and reported to the board of directors, consulted necessary appropriate measures.
 - B. If it's transaction contracts of specific purpose, after positions are established, shall set a stop loss point to prevent excess loss. The setup of a stop loss point shall not exceed 10 percent of transaction contract amount as maximum, when the loss amount exceeds 10 percent of transaction amount, shall be reported to chairman, and reported to the board of directors, consulted necessary appropriate measures.
- 2. Risk management measures
 - (1) Credit risk management:
Base on change of market influenced by all factors, operational risk of derivative financial products is easily caused, and market risk management shall be conducted in accordance with the following principle:
 - i. Transaction objective: domestic and overseas famous financial institutions are the principal objective.
 - ii. Transaction products: products provided by domestic and overseas famous financial institutions are the limit.
 - (2) Market risk management:
The public foreign exchange market provide by the bank is the principal condition, so do not consider temporarily the futures market.
 - (3) Liquidity risk management:
To assure market liquidity, when choosing financial products in non-hedging transaction, higher liquidity (flatten on the market at any time) is the principal condition, financial institutions of fiduciary transaction shall have sufficient information and the ability trading on any market at any time.
 - (4) Cash flow risk management:
To assure stability of the Company's operational capital turnover, when the Company engages in non-hedging derivatives transactions, source of funds is private capital as limit, and the operating amount shall consider forecast of capital needs of cash receipts and payments in the next three months.
 - (5) Operating risk management:
 - i. The Company's degree of authority delegated, operating procedures and including internal audit shall be abided indeed to avoid operational risk.

- ii. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 - iii. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
- (6) Product risk management:

Internal transaction personnel shall have complete and accurate professional knowledge for financial products, and require the bank to fully disclose risk for avoiding misusing financial product risk.
- (7) Legal risk management

Non hedging transactions and documents signed by financial institutions shall be officially signed after audited by professional personnel of foreign exchange, legal or legal consultant for avoiding legal risk.
- 3. Internal audit system
 - (1) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.
 - (2) The Company's internal audit personnel shall file audit report adding internal audit operation and annual audit situation to Securities & Futures Institute before the end of February of the next year, and file improvement situation of abnormal matters to securities competent authority for future reference not later than the end of May of the next year.
- 4. Method of periodical assessment
 - (1) The board of directors shall authorize senior management personnel to periodically supervise and assess whether matters are certainly conducted in accordance with the Company's transaction procedures when engaging in transactions of derivatives, and the assumption of risks is within permitted scope of tolerance or not, when there's irregular circumstance in market price assessment report (if holding position exceeds loss limit), shall report to the board of directors immediately, and adopt appropriate measures.
 - (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. As engaging derivatives trading, supervision management principle of board of directors
 - (1) The board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk, and the management principle is as follows:
 - i. Periodically evaluate the risk management measures currently

employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

ii. 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 a 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 (excluding non-regular meeting of the board of directors) after it authorizes the relevant personnel to handle derivative trading in accordance with its Procedures for Engaging in Derivatives Trading.

(4) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors' approval dates, and the matters required to be carefully evaluated under this Article, paragraph 4, subparagraph 2, paragraph 5, subparagraph 1, no.1 and subparagraph 2, of the preceding article shall be recorded in detail in the log book.

Article 13: Operating procedures of conducting mergers, demergers, acquisitions, or transfer of shares

1. Appraisal and operating procedures

(1) When the Company conducts mergers, demergers, acquisitions, or transfer of shares, shall engage a CPA, attorney, or securities underwriter, etc. to collectively discuss estimated timeline of legal procedures, organize a task force to conduct in accordance with legal procedures. And prior to convening the board of directors to resolve on the matter, a CPA, attorney, or securities underwriter shall be engaged to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(2) 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 this Article, paragraph 1, subparagraph 1 when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, 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 conducting precautions

- (1) Date of meeting of board of directors: The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or Securities competent authority is notified in advance of extraordinary circumstances and grants consent. The 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 Securities competent authority 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 merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) Formulation and alternation principles of the share exchange ratio and acquisition price: the Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. The share exchange ratio and acquisition price shall not be altered in principle, however, alternation conditions formulated in contracts, and publicly disclosed, shall not apply. The alternation conditions of the share exchange ratio and acquisition price are as follows:
 - i. 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.
 - ii. An action, such as a disposal of major assets, that affects the company's financial operations.
 - iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Content specified in contracts: contracts of the companies participating in the

merger, demerger, acquisition, or transfer of shares, except Article 317-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act, and shall also record the following:

- i. Handling of breach of contract.
 - ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - iv. The manner of handling changes in the number of participating entities or companies.
 - v. Preliminary progress schedule for plan execution, and anticipated completion date.
 - vi. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) When the company number of participating in a merger, demerger, or acquisition alters: 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 public company(s) shall sign an agreement with the non-public company, and date of convening meeting of board of directors shall be determined in accordance with this Article, paragraph 2, subparagraph 1, undertake confidentiality in advance shall be conducted in accordance with subparagraph 2, the company number of participating in a merger, demerger, acquisition, or transfer of shares shall be altered in accordance with subparagraph 5.
- (7) When the Company participates in a merger, demerger, acquisition, or transfer of shares, shall prepare a full written record of the following information and retain it for 5 years for reference:
- i. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - ii. 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.
 - iii. Important documents and minutes: Including merger, demerger,

acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors' meetings.

3. When the Company participates in a merger, demerger, acquisition, or transfer of another company's shares, shall within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 7, no. 1 and 2 of the preceding paragraph 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 shall sign an agreement with such company, and conduct in accordance with paragraph 2, subparagraph 7 and this paragraph, section 1.

Article 14: Information publicly disclosure procedures

1. Announcement and filing items and standards

- (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (2) Merger, demerger, acquisition, or transfer of shares.
- (3) 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 right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, the transaction amount reaches NT\$ 500 million or more.
- (5) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$ 500 million; among such cases, if the public company has paid-in capital of NT\$ 10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$ 1 billion or more.
- (6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$ 500 million.
- (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances:

- i. Trading of domestic government bonds or foreign bonds with credit rating now lower than domestic sovereign rating degree.
 - ii. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded note, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - iii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (8) The calculation of transaction amount in the preceding subparagraph 7, and "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- i. The amount of any individual transaction.
 - ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - iii. 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.
 - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. Deadline of conducting announcement and regulatory filing
- When the Company acquires and disposes assets, announcement items in this Article, paragraph 1, and transaction amount reaches the standard of the regulatory filing in this Article, announcement and regulatory filing shall be conducted within 2 days counting inclusively from the date of occurrence of the event.
3. Announcement and regulatory filing procedures
- (1) The Company shall publicly announce and report the relevant information on Securities competent authority designated website in the appropriate format as prescribed by regulations.
 - (2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any 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.
 - (3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly

announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

- (4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
- (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by Securities competent authority within 2 days counting inclusively from the date of occurrence of the event:
 - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - iii. Change to the originally publicly announced and reported information.

Article 15: The Company's subsidiary shall conduct in accordance with the following regulations:

1. The Company shall supervise its subsidiary to establish relevant regulations of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and implement "operating procedures of acquiring and disposing assets", after the subsidiary was approved by the board of directors, and reported to shareholders' meeting, the same applies when the procedures are amended.
2. The Company shall supervise its subsidiary to self-inspect whether established operating procedures of acquiring and disposing assets meets relevant regulations and conduct relevant matters in accordance with operating procedures. If the subsidiary does not intend to engage in derivatives trading, it may, after obtaining the approval of the board of directors, be exempted from adopting procedures governing derivatives trading.
3. The Company's internal audit shall review relevant matter of self-inspection report of the subsidiary.
4. When the subsidiary is non-public company, accruing and disposing assets reaches standards of announcement and regulatory filing in Article 14, paragraph 1 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the parent company shall conduct matters of announcement and regulatory filing for its subsidiary.
5. In standards of the subsidiary's announcement and regulatory filing, "the Company's paid-up capital or total assets" as used herein refers to the parent company's (the Company's) paid-up capital or total assets.

Article 16: Penalty

The Company's employee violates these Regulations when taking charge of acquiring and disposing assets, shall be reported to assess periodically in accordance with the Company's personnel management measures and employee manual, and make penalty in compliance with the seriousness of circumstances.

Article 17: Implementation and Amendment

After the Company's "operating procedures of acquiring and disposing assets was approved by the board of directors, shall be reported to shareholders' meeting for approval, and the same applies when the procedures are amended.

Where an audit committee has been established in accordance with Securities and Exchange Act, when the procedures for the acquisition and disposal of assets are adopted or amended they 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 paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 18: Additional provisions

Unsettled matters of these Regulations shall be conducted in accordance with relevant laws or regulations.

Appendix 4

FORTUNE ELECTRIC CO., LTD. Directors' Shareholding Statement

Title	Name	Appointment date	End of term	Shareholding number as elected		Shareholding number registered in the shareholders roster on the book closure date	
				Shares	Ratio (%)	Shares	Ratio (%)
Chairman	Hsu, Bang-Fu	June 12, 2020	June 11, 2023	19,631,986	7.52	18,533,425	7.10
Vice chairman	Hsu, Shou-Hsiung	June 12, 2020	June 11, 2023	23,047,720	8.83	22,803,419	8.73
Director	Hsu, I-Sheng	June 12, 2020	June 11, 2023	2,804,169	1.07	3,048,470	1.17
Director	Hsu, I-Te	June 12, 2020	June 11, 2023	1,751,455	0.67	3,948,577	1.51
Director	Shu, Yi-Cheun	June 12, 2020	June 11, 2023	1,057,892	0.41	1,057,892	0.41
Director	Weng, Jen-Pei	June 12, 2020	June 11, 2023	751,468	0.29	751,468	0.29
Independent director	Hu, Len-Kuo	June 12, 2020	June 11, 2023	0	0.00	0	0.00
Independent director	Lei, Whey-Min	June 12, 2020	June 11, 2023	0	0.00	0	0.00
Independent director	Liao, Chih-Hsiang	June 12, 2020	June 11, 2023	0	0.00	0	0.00
Sum of directors				49,044,690	18.79	50,143,251	19.21

1. The Company's paid-in capital was 261,058,548 shares on June 12, 2020, paid-in capital on April 17, 2022 was 261,058,548 shares.
2. The sum of all shareholders' legal shareholding was 12,000,000 shares, according to Article 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, "if a public company has elected two or more independent directors, the share ownership figures calculated at the rates for all directors and supervisors other than the independent directors and shall be decreased by 20 percent". The Company has set up an audit committee, and the shareholding of supervisors shall not apply.
3. Shareholding number registered in shareholders' roster until book closure date (April 17, 2022) is as above, and met the number standard in accordance with Article 26 of Securities and Exchange Act.