Stock Code:
3015

全漢企業股份有限公司

FSP Technology Inc.

2022 Annual Shareholders' Meeting

Meeting Handbook

Method for Convening the Meeting: In-Person Shareholders' Meeting
Date: June 9, 2022
Place: No. 147, Yanping Rd., Taoyuan Dist., Taoyuan City (Women Center, Taoyuan City)

Table of Contents

FSP Technology Inc.
Procedure for the 2022 Annual Shareholders' Meeting

Chapter 1 Meeting Called to Order

Chapter 2 Chairman's Remarks

Chapter 3 Announcements

Chapter 4 Ratifications

Chapter 5 Discussions

Chapter 6 Extempore Motions

Chapter 7 Adjournment

FSP Technology Inc.
Procedure for the 2022 Annual Shareholders' Meeting

Method for Convening the Meeting: In-Person Shareholders' Meeting

Time: June 9, 2022 (Thursday), 9 A.M.

Place: No. 147, Yanping Rd., Taoyuan Dist., Taoyuan City (Women Center, Taoyuan City)

Meeting Called to Order

Chairman's Remarks

Chapter 1 Announcements:

I. The Company's 2021 Business Report.

II. Audit Committee's Review Report on the 2021 Financial Statements.

III. Proposal for the compensation for employees and Directors for 2021.

IV. Report on the Company's distribution of cash dividends from earnings for 2021.

Chapter 2 Ratifications:

I. The Company's 2021 Business Report and Financial Statements.

II. The Company's 2021 Earnings Distribution Statement.

Chapter 3 Discussions:

I. Amendment of the Company's "Articles of Incorporation".

II. Amendment of the Company's "Procedures for Acquisition or Disposal of Assets".

Chapter 4 Extempore Motions

Adjournment

Chapter 1 Announcements

Proposal 1

Proposal: The Company's 2021 Business Report is provided for your review.

Explanation: Refer to Attachment 1 for the Business Report. (Page 6~8)

Proposal 2

Proposal: The Audit Committee's Review Report on the 2021 Financial Statements is provided for your review.

Explanation: Refer to Attachment 2 for the Audit Committee's Review Report. (Page 9)

Proposal 3

Proposal: The proposal for the compensation for employees and Directors for 2021 is provided for your review.

Explanation:

I. Pursuant to the Company's Articles of Incorporation, if the Company has profit for the year, it shall allocate no less than 6% as compensation for employees and no more than 3% as compensation for Directors.

II. The distribution proposal is as follows:

(I) Distribute compensation for employees totaling NT$65,000,000 entirely in cash.

(II) Distribute compensation for Directors totaling NT$7,000,000 entirely in cash.

Proposal 4

Proposal: The report on the Company's distribution of cash dividends from earnings for 2021 is provided for your review.

Explanation:

I. According to Article 21 of the Company's "Articles of Incorporation", the Board of Directors is authorized to resolve to distribute earnings, statutory surplus reserve, and capital surplus in cash.

II. The Company proposes to set aside shareholders' dividends totaling NT$617,964,435 from distributable earnings for 2021 and distribute cash dividends of NT$3.3 per share.

III. If the Company's shares in external circulation are subsequently changed due to the issuance of new shares for conversion of stock options, repurchase of the Company's shares, or the transfer and cancellation of treasury stock, which affect on the shareholder dividend ratio, the Chairman is authorized to process such adjustments.

IV. The Chairman of the Board is authorized to determine the ex-dividend date, distribution date, and other related matters.

V. The current cash dividends are calculated pursuant to distribution ratio and rounded down to the whole dollar amounts with decimals rounded off. The fractional amounts less than NT$1 shall be aggregated and rounded up based on the value of decimals from high to low after distribution to shareholders till the amount reaches zero.

Chapter 2 Ratifications

Proposal 1

Proposed by the board of directors

Proposal: The Company's 2021 Business Report and Financial Statements are submitted for ratification.

Explanation:

I. The Company's 2021 Business Report and the Parent Company Only Financial Statements and Consolidated Financial Statements audited by Chang, Chun-I, CPA, and Chao, Min-Ju, CPA of KPMG Taiwan have been reviewed by the Audit Committee and submitted to the Board of Directors for resolution and passage in accordance with laws. Please refer to Attachment 1 and Attachment 3. (Page 6~8 and Page 10~25)

II. They are submitted for ratification.

Resolution:

Proposal 2

Proposed by the board of directors

Proposal: The Company's 2021 Earnings Distribution Statement is submitted for ratification.

Explanation:

I. The Company's 2021 Earnings Distribution Statement has been reviewed by the Audit Committee and submitted to the Board of Directors for resolution and passage in accordance with laws. Please refer to Attachment 4. (Page 26)

II. They are submitted for ratification.

Resolution:

Chapter 3 Discussions

Proposal 1

Proposed by the board of directors

Proposal: The amendment of the Company's "Articles of Incorporation" is submitted for discussion.

Explanation:

I. The amendment is processed in accordance with the President's Hua-Zong-I-Jing No. 11000115851 Order dated December 29, 2021 for the amendment of Article 172-2 and Article 356-8 of the "Company Act", and Jin-Guan-Zheng-Jiao No. 1110380914 Letter of the Financial Supervisory Commission dated March 4, 2022 for the inclusion of Article 44-9 to Article 44-23 of the "Regulations Governing the Administration of Shareholder Services of Public Companies".

II. The Company proposes to amend certain articles of the "Articles of Incorporation" and the Comparison Table of the Articles of Incorporation before and after the amendment is provided in Attachment 5. (Page 27~29)

III. Please discuss.

Resolution:

Proposal 2

Proposed by the board of directors

Proposal: The amendment of the Company's "Procedures for Acquisition or Disposal of Assets" is submitted for discussion.

Explanation:

I. The amendment is processed in accordance with Jin-Guan-Zheng-Fa No. 1110380465 Letter of the Financial Supervisory Commission dated January 28, 2022 for the amendment of Article 5, Article 9 to Article 11, Article 15, Article 31, and Article 36 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as well as requirements for actual operations.

II. The Company proposes to amend certain articles of the "Procedures for Acquisition or Disposal of Assets" and the Comparison Table of the Articles of Incorporation before and after the amendment is provided in Attachment 6. (Page 30~57)

III. Please discuss.

Resolution:

Chapter 4 Extempore Motions

Adjournment

Attachment I

FSP Technology Inc.

Business Report

In 2021, the global pandemic persisted amid geopolitical conflicts and disruptions in the semiconductor supply chain which caused shortages and price hikes of certain materials. The demand for powering CPU and GPU in cloud and networking devices has led to an increase in the volume and gross margin of power supply products. FSP followed trends and adjusted its material preparation policy and product portfolio to achieve a 13% growth in overall revenue compared to the previous year, totaling approximately NT$16.7 billion. Telecom cloud and industrial products accounted for over 60% of the total revenue, and the overall number of power supplies sold totaled nearly 21.2 million units, exceeding the target of 20.9 million units. The results of operations in 2021 and the business outlook for 2022 are explained below:

I. Results of Operations in 2021

(I) Business Plan Implementation Results

BB's consolidated revenue for 2021 was NT$16,650,252 thousand, an increase of 13% compared to consolidated revenue of NT$14,796,460 thousand for 2020; the net income before tax for 2021 was NT$960,600 thousand, an increase of 3% compared to net income before tax of NT$934,044 thousand for 2020; net income after tax for 2021 was NT$801,279 thousand, an increase of 16% compared to net income after tax of NT$692,075 thousand for 2020; basic earnings per share before and after tax for 2021 were NT$4.67 and NT$4.03, respectively.

Unit: NT$ thousands; %

Item	2021	2020	Change, by Amount	Change, by Percentage
Operating Revenue	16,650,252	14,796,460	1,853,792	12.53%
Gross Profit	2,424,205	2,063,548	360,657	17.48%
Operating Income	671,909	462,337	209,572	45.33%
Non-Operating Income and Expenditures	288,691	471,707	(183,016)	(38.80%)
Net Income Before Tax	960,600	934,044	26,556	2.84%
Net income	801,279	692,075	109,204	15.78%

(II) Budget Implementation Status

The Company did not formulate a financial forecast for 2021.

(III) Analysis of Financial Gains and Losses and Profitability

Unit: NT$ thousands; %

Item	Year	2021	2020	Percentage of Increase (Decrease)
Financial Revenue and Expenditures	Operating Revenue	16,650,252	14,796,460	12.53%
	Gross Profit	2,424,205	2,063,548	17.48%
	Net Profit After Tax	801,279	692,075	15.78%
Profitability	Return on total assets (%)	4.00	4.11	(2.68%)

Analysis	Return on equity (%)	6.30	6.72	(6.25%)
	Ratio of income before tax to paid-in capital (%)	51.30	49.88	2.85%
	Net profit margin (%)	4.81	4.68	2.78%
	Earnings Per Share (NT$)	4.03	3.55	13.52%

(IV) Research and Development

The results of R&D in 2021 were as follows:

- Increased ATX power density.
- Continuous development of highly automated products to reduce the cost of labor and increase production capacity.
- Development of power supply to support the 12Vo platform developed by Intel: SFX 650/750W.
- Conducted research and assessment of new component materials and plan the introduction of suitable products.
- High-wattage SFX power supply with multiple output rated for 750W/850W.
- GaN USB PD 65W products.
- 90W/120/135/150W/180W U3 series compact models.
- 50/65W products with wide temperature adaptation.
- Development of 300W 5V, 12V, and 24V power supply for industrial computer products with touch screens or motors.
- CRPS 2400W and 3000W high-power density devices.
- Completed CRPS modularized back panel and entry-level housing to meet the high-mix low-volume demand for edge computing: FC210E.
- 80W and 150W @2" x 4" power supply for telecom applications.
- 30W, 50W, and 75W power supply for industrial applications.
- 250W @ 2" x 4" series.
- 260W @ 3" x 5" series.
- 450W @ 3" x 5" series.
- 120W IP54.
- 250W ATX.
- 500W Class II substrate medical application power supply.
- 600/700W ATX.
- 600W/1100W 50.4V-58.8V On Board/Off Board Charger.
- 1800W 60V/30V On Board Charger.
- 300W CANBUS Charger.
- 700W aluminum-cast high-end water, dust, and shock-proof product development.
- AMR application charger development (1100W).

II. Summary of 2022 Business Plan

In 2022, the Company shall develop high-power digital power supply products with wide temperature adaptation for IOT networking products to meet the high-mix low-volume demand for such products. For USB PD products, the Company shall develop 240W USB PD products to meet the demand of most devices to respond the increase in USB 3.1 power needs. For gaming and Intel's new specifications, we shall develop Titanium-grade products with higher power and high efficiency. For the energy storage and battery market, we shall develop chargers and home energy storage systems targeting light-weight vehicles. The current target for total sales of power supply units is 20.9 million units.

The commissioning of the Company's new Taoyuan 3rd Plant constructed in 2021 is progressing smoothly and we shall make full use of the plant to support purchase orders for products that must be produced in Taiwan.

III. Future Development Strategy

FSP is committed to its corporate mission of "maximizing value for customers, employees, and shareholders with innovative services and high-quality products". We shall continue to develop advanced technologies and innovative power supplies for the industry to provide high value-added power supply products. We shall develop more efficient and durable power supply products for sustainability. They can be used in all kinds of telecom devices and open platform devices to reduce waste and inefficient manufacturing of products. We shall develop battery and charging systems for electric vehicles to reduce the use of vehicles with internal combustion engines and prevent air pollution. We shall also develop products for home energy storage to maintain partial supply of electricity for homes and protect the grid. The Company endeavors to develop and build business models that meet the urgent needs of people based on sustainability ideals.

IV. Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

FSP has set up the Sustainable Development Committee under the jurisdiction of the Board of Directors. With regard to current domestic and foreign laws and regulations that govern our operations, and our management team will continue to pay close attention to policies and laws on corporate governance issues that may affect the Company's financial and business. We shall provide guidance and review environmental issues related to the environment between operations and production, and social issues related to coexistence and mutual prosperity with society and stakeholders on all levels.

FSP is committed to protecting the environment with green energy, respecting customers, and creating a high-quality work environment. We seek to become the most reliable partner for customers, consumers, suppliers, and employees and maximize value for customers, shareholders, and employees.

I wish you

good health and prosperity

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

Attachment II

FSP Technology Inc.

Audit Committee's Review Report

The Company's 2021 Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by Chang, Chun-I, CPA, and Chao, Min-Ju, CPA of KPMG Taiwan, and have been submitted, along with the 2021 Business Report and Earnings Distribution Proposal to the Audit Committee for review. The Audit Committee found them to be compliant with the Company Act and related regulations. It therefore prepares this Review Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and filed for approval for your review.

To:

FSP Technology Inc.

2022 Annual Shareholders' Meeting

Convener of the Audit Committee: Liu, Shou-Hsiang

May 18, 2022

Attachment III

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have audited the Parent Company Only Financial Statements of FSP Technology Inc. (the “Company”), which comprise the Parent Company Only Balance Sheets as of December 31, 2021 and 2020, and the Parent Company Only Statements of Comprehensive Income, the Parent Company Only Statements of Changes in Equity, the Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2021 and 2020.

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and cash flows for the periods from January 1 to December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the “Code”), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV(XV) for the accounting policy of revenue recognition and Note VI((XXI) for the related disclosure of revenue.

Description of key audit matter:

The Sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. In addition, the timing of revenue recognition and transfer of control over goods is critical to the presentation of financial statements. Therefore, we have identified revenue recognition as a key audit matter in the audit of the Consolidated Financial Statements.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

We did not audit the financial statements of certain investee companies under long-term investment using the equity method for the years ended December 31, 2021 and 2020. Those financial statements were audited by other independent auditors. Our opinion expressed herein, insofar as it relates to the amounts included in the Parent Company Only Financial Statements relative to these investee companies was based solely on the reports of other independent auditors. Total investment amount in these investee companies amounted to NT$663,717 thousand and NT$610,088 thousand, accounting for 3.58% and 3.78% of the total assets as of December 31, 2021 and 2020, respectively. Total recognized gains on these investments amounted to NT$88,389 thousand and NT$50,138 thousand, representing 10.11% and 6.73% of the total income before taxes for the years ended December 31, 2021 and 2020.

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

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting 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 are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an 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 Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken these Parent Company Only Financial Statements.

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

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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies under the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the Company's Parent Company Only Financial Statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Chang, Chun-I and Chao, Min-Ju.

KPMG
Taipei, Taiwan (Republic of China)
March 18, 2022

FSP Technology Inc.
Parent Company Only Balance Sheets
December 31, 2021 and 2020

Unit: NT$ thousands

Code	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
11xx	**Current Assets:**				
1100	Cash and cash equivalents (Note VI(I))	$ 1,683,746	9	1,961,278	12
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	316,390	2	277,620	2
1136	Financial assets at amortized cost - current (Note VI(IV))	10,800	-	-	-
1150	Notes receivable, net (Note VI(V) and (XXI))	2,682	-	426	-
1170	Accounts receivable, net (Note VI(V) and (XXI))	2,359,536	13	2,233,285	14
1180	Accounts receivable - related parties, net (Notes VI(V) and (XXI), and VII)	985,345	5	749,248	5
1200	Other receivables (Note VI(VI))	16,480	-	19,966	-
1210	Other receivables - related parties (Notes VI(VI) and VII)	40,968	-	49,665	-
130x	Inventories (Note VI(VII))	2,162,501	12	1,627,409	10
1410	Prepayments (Note VII)	65,083	-	29,057	-
1470	Other current assets	14,822	-	15,641	-
	Total current assets	7,658,353	41	6,963,595	43
15xx	**Non-current Assets:**				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III) and (XIX))	6,736,644	37	5,246,682	33
1550	Investments recognized through the equity method (Note VI(VIII) and (IX))	2,944,275	16	2,787,840	17
1600	Property, plant and equipment (Notes VI(X), (XIII), and (XIV), VIII and IX)	966,351	5	901,411	6
1755	Right-of-use assets (Notes VI(XI) and (XV), and VII)	49,919	-	56,710	-
1780	Intangible assets (Note VI(XII))	117,968	1	114,860	1
1840	Deferred income tax assets (Note VI(XVIII))	67,326	-	56,606	-
1900	Other non-current assets (Notes VI(X), VIII and IX)	3,844	-	7,162	-
	Total non-current assets	10,886,327	59	9,171,271	57
1xxx	**Total assets**	$ 18,544,680	100	16,134,866	100

Code	Liabilities and Equity	2021.12.31 Amount	%	2020.12.31 Amount	%
21xx	**Current Liabilities:**				
2150	Notes payable	$ 14,445	-	15,001	-
2170	Accounts payable	3,417,288	19	3,460,547	21
2180	Accounts payable - related parties (Note VII)	330,210	2	323,444	2
2200	Other payables (Note VI(XVII) and (XXII))	825,993	5	609,379	4
2220	Other payables - related parties (Note VII)	47,611	-	41,852	-
2230	Current income tax liabilities	111,599	1	57,628	1
2250	Provisions for liabilities - current (Note VI(XVI))	146,223	1	157,190	1
2280	Lease liabilities - current (Notes VI(XV) and VII)	3,040	-	6,264	-
2300	Other current liabilities (Notes VI(XIV) and (XXI), and VII)	64,258	-	53,892	-
2320	Current portion of long-term debt (Notes VI(X) and (XIV), and VIII)	73,014	-	10,608	-
	Total current liabilities	5,033,681	28	4,735,805	29
25xx	**Non-current Liabilities:**				
2540	Long-term borrowings (Notes VI(X) and (XIV), and VIII)	199,334	1	97,845	1
2570	Deferred income tax liabilities (Note VI(XVIII))	2,919	-	2,039	-
2580	Lease liabilities - non-current (Notes VI(XV) and VII)	49,239	-	52,619	-
2640	Net defined benefit liabilities - non-current (Note VI(XVII))	44,234	-	57,218	1
2670	Other non-current liabilities - others (Notes VI(XIV) and VII)	6,312	-	4,524	-
	Total non-current liabilities	302,038	1	214,245	2
2xxx	**Total liabilities**	5,335,719	29	4,950,050	31
31xx	**Equity (Note VI(III), (VIII), (XVII), (XVIII) and (XIX)):**				
3100	Capital Stock	1,872,620	10	1,872,620	12
3200	Capital surplus	1,011,016	5	1,011,016	6
3300	Retained earnings:				
3310	Legal reserve	1,033,544	6	940,416	6
3350	Unappropriated earnings	3,209,195	17	2,446,328	15
	Total retained earnings	4,242,739	23	3,386,744	21
34xx	Other Equity:				
3410	Exchange differences on translation of financial statements of foreign operations	(117,703)	(1)	(89,678)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,200,289	34	5,004,114	31
	Total other equity	6,082,586	33	4,914,436	30
3xxx	**Total equity**	13,208,961	71	11,184,816	69
2-3xxx	**Total liabilities and equity**	$ 18,544,680	100	16,134,866	100

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Notes VI(XXI) and VII)**	$ 12,319,833	100	10,873,018	100
5000	**Operating costs (Notes VI(VII), (X), (XI), (XII), (XVI), and (XVII), VII and XII)**	10,483,687	85	9,306,280	86
5910	Add: Unrealized sales gains (losses)	(10,948)	-	(25,953)	-
5900	**Gross profit**	1,825,198	15	1,540,785	14
6000	**Operating expenses (Notes VI(V), (X), (XI), (XII), (XV), (XVII), and (XXII), VII and XII):**				
6100	Selling and marketing expenses	445,124	4	385,878	4
6200	General and administrative expenses	487,276	4	417,538	4
6300	Research and development expenses	363,444	3	350,383	3
6450	Expected credit loss	3,828	-	4,614	-
	Total operating expenses	1,299,672	11	1,158,413	11
6900	**Net operating income**	525,526	4	382,372	3
7000	**Non-operating income and expenses (Notes VI(II), (III), (VIII), (IX), (XV) and (XXIII), and VII):**				
7100	Interest income	2,375	-	7,358	-
7010	Other income	148,325	1	123,787	1
7020	Other gains and losses	(512)	-	(50,588)	-
7050	Finance costs	(3,867)	-	(2,250)	-
7070	Share of profits (losses) of subsidiaries, associates and joint ventures under equity method	202,618	2	284,687	3
	Total non-operating income and expenses	348,939	3	362,994	4
7900	**Income before income tax from continuing operations**	874,465	7	745,366	7
7950	**Less: Income tax expense (Note VI(XVIII))**	120,383	1	76,052	1
8200	**Net Income**	754,082	6	669,314	6
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Note VI(XVII), (XVIII) and (XIX))**				
8311	Gains (losses) on re-measurements of defined benefit plans	6,610	-	(7,821)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,854,340	15	2,044,026	19
8330	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	246	-	50,817	1
8349	Less: Income tax related to components that will not be reclassified to profit or loss	1,322	-	(1,564)	-
	Total items that will not be reclassified to profit or loss	1,859,874	15	2,088,586	20
8360	**Items that may be reclassified subsequently to profit or loss (Note VI(VIII) and (XIX))**				
8361	Exchange differences on translation of financial statements of foreign operations	(27,216)	-	28,236	-
8380	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	(809)	-	(1,400)	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(28,025)	-	26,836	-
8300	**Other Comprehensive Income**	1,831,849	15	2,115,422	20
8500	**Total Comprehensive Income**	**$ 2,585,931**	**21**	**2,784,736**	**26**
	Earnings per share (unit: NT$) (Note VI(XX))				
9750	Basic earnings per share	**$**	**4.03**		**3.55**
9850	Diluted earnings per share	**$**	**3.99**		**3.52**

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen Managerial Officer: Cheng, Ya-Jen Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc.

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

			Retained earnings			Other equity items				
	Capital stock - common shares	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total Equity
Balance as of January 1 2020	$ 1,922,620	1,131,801	902,027	1,745,698	2,647,725	(116,514)	3,199,064	3,082,550	-	8,784,696
Appropriation and distribution of earnings:										
Legal reserve	-	-	38,389	(38,389)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(192,262)	(192,262)	-	-	-	-	(192,262)
Changes in other capital surplus:										
Cash dividends appropriated from capital surplus	-	(96,131)	-	-	-	-	-	-	-	(96,131)
Net Income	-	-	-	669,314	669,314	-	-	-	-	669,314
Other Comprehensive Income	-	-	-	(6,241)	(6,241)	26,836	2,094,827	2,121,663	-	2,115,422
Total Comprehensive Income	-	-	-	663,073	663,073	26,836	2,094,827	2,121,663	-	2,784,736
Purchase of treasury shares	-	-	-	-	-	-	-	-	(101,003)	(101,003)
Retirement of treasury shares	(50,000)	(29,434)	-	(21,569)	(21,569)	-	-	-	101,003	-
Changes in ownership interests in subsidiaries	-	4,780	-	-	-	-	-	-	-	4,780
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	289,777	289,777	-	(289,777)	(289,777)	-	-
Balance as of December 31, 2020	1,872,620	1,011,016	940,416	2,446,328	3,386,744	(89,678)	5,004,114	4,914,436	-	11,184,816
Appropriation and distribution of earnings:										
Legal reserve	-	-	93,128	(93,128)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	-	(561,786)
Net Income	-	-	-	754,082	754,082	-	-	-	-	754,082
Other Comprehensive Income	-	-	-	5,534	5,534	(28,025)	1,854,340	1,826,315	-	1,831,849
Total Comprehensive Income	-	-	-	759,616	759,616	(28,025)	1,854,340	1,826,315	-	2,585,931
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	658,165	658,165	-	(658,165)	(658,165)	-	-
Balance as of December 31, 2021	$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	-	13,208,961

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 874,465	745,366
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	62,893	62,770
Amortization expenses	2,576	1,260
Expected credit loss	3,828	4,614
Interest expenses	3,867	2,250
Interest income	(2,375)	(7,358)
Dividend income	(122,933)	(107,452)
Share of profits of subsidiaries, associates and joint ventures	(202,618)	(284,687)
Loss on disposal of property, plant, and equipment	656	58
Unrealized sales gains (losses)	10,948	25,953
Unrealized foreign currency exchange gain	20,737	(13,831)
Gains on lease modifications	(80)	-
Gains on bargain purchase	(2,523)	-
Total adjustments for profit or loss	(225,024)	(316,423)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(38,770)	(123,224)
Notes receivable	(2,256)	2,221
Accounts receivable	(89,006)	118,596
Accounts receivable - related parties	(236,097)	(84,784)
Other receivables	4,035	1,616
Other receivables - related parties	8,697	10,275
Inventories	(535,092)	(391,394)
Prepayments	(35,691)	8,421
Other current assets	819	(2,948)
Total changes in operating assets	(923,361)	(461,221)
Changes in operating liabilities:		
Notes payable	(556)	619
Accounts payable	(101,854)	409,473
Accounts payable - related parties	2,907	(22,799)
Other payables	219,472	145,274
Other payables - related parties	5,747	3,789
Provisions for liabilities	(10,967)	11,853
Other current liabilities	8,235	4,282
Net defined benefit liabilities	(6,374)	(8,942)
Other non-current liabilities	3,919	2,994
Total changes in operating liabilities	120,529	546,543
Total changes in operating assets and liabilities	(802,832)	85,322
Total adjustments	(1,027,856)	(231,101)
Cash provided by operations	(153,391)	514,265
Interest received	2,441	8,317
Interest paid	(3,867)	(1,873)
Income tax paid	(77,574)	(62,339)
Net cash provided by operating activities	(232,391)	458,370
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(296,047)	(118,419)
Disposal of financial assets at fair value through other comprehensive income	660,425	216,963
Acquisition of financial assets at amortized cost	(10,959)	-
Acquisition of investments accounted for using the equity method	(22,640)	-
Acquisition of property, plant, and equipment	(124,320)	(103,155)
Disposal of property, plant and equipment	7	-
Decrease (increase) in refundable deposits	1,503	(300)
Acquisition of intangible assets	(5,684)	(436)
Increase in prepayments for equipment	-	(335)
Dividends received	155,552	127,840
Net cash flows from investing activities	357,837	122,158
Cash flows from financing activities:		
Proceeds from long-term loans	181,989	108,076
Repayments of long-term loans	(18,094)	-
Repayment of the principal of lease liabilities	(5,087)	(6,469)
Cash dividends paid	(561,786)	(288,393)
Purchase cost of treasury shares	-	(101,003)
Net cash flows used in financing activities	(402,978)	(287,789)
Net increase (decrease) in cash and cash equivalents	(277,532)	292,739
Cash and cash equivalents at the beginning of the year	1,961,278	1,668,539
Cash and cash equivalents at the end of the year	$ 1,683,746	1,961,278

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have audited the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries (the "Group"), which comprise the Consolidated Balance Sheets as of December 31, 2021 and 2020, and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2021 and 2020.

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations from International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Consolidated Financial Statements 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 forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV(XVI) for the accounting policy of revenue recognition and Note VI((XXII) for the related disclosure of revenue.

Description of key audit matter:

The Sales revenue of the Group is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Group. In addition, the timing of revenue recognition and transfer of control over goods is critical to the presentation of financial statements. Therefore, we have identified revenue recognition as a key audit matter in the audit of the Consolidated Financial Statements.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors. Our opinion expressed herein, insofar as it relates to the amounts included in the Consolidated Financial Statements relative to these consolidated subsidiaries was based solely on the reports of other independent auditors. Total assets of these consolidated subsidiaries amounted to NT$1,723,959 thousand and NT$1,489,303 thousand, accounting for 8.14% and 8.07% of the total consolidated assets as of December 31, 2021 and 2020, respectively. Total operating revenue of these consolidated subsidiaries amounted to NT$1,605,629 thousand and NT$1,534,865 thousand, representing 9.64% and 10.37% of the total consolidated operating revenue for the years ended December 31, 2021 and 2020.

FSP Technology Inc. has prepared its parent-company-only financial statements for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion with the section of Other Matters in the audit report.

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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing related matters and adopting 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 are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken based on 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 perform the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, 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 the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the Group's Consolidated Financial Statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Chang, Chun-I and Chao, Min-Ju.

KPMG
Taipei, Taiwan (Republic of China)
March 18, 2022

FSP Technology Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousands

	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
11xx	**Current Assets:**				
1100	Cash and cash equivalents (Note VI(I))	$ 2,794,253	13	3,051,117	17
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	516,074	3	565,732	3
1136	Financial assets at amortized cost - current (Note VI(IV))	10,800	-	-	-
1150	Notes receivable, net (Note VI(V) and (XXII))	62,112	-	85,453	-
1170	Accounts receivable, net (Note VI(V) and (XXII))	3,864,730	19	3,606,974	20
1180	Accounts receivable - related parties, net (Notes VI(V) and (XXII), and VII)	801,748	4	616,753	3
1200	Other receivables (Note VI(VI) & VII)	73,406	-	65,054	-
1220	Current income tax assets	5,779	-	5,574	-
130x	Inventories (Note VI(VII))	3,590,546	17	2,655,331	15
1410	Prepayments	77,899	-	70,938	-
1470	Other current assets	34,848	-	23,981	-
	Total current assets	11,832,195	56	10,746,907	58
15xx	**Non-current Assets:**				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III) and (XX))	6,763,138	32	5,273,176	29
1550	Investments Recognized Through the Equity Method (Note VI(IX))	26,947	-	25,319	-
1600	Property, plant and equipment (Notes VI(XI), (XIII), (XIV) and (XV), VIII and IX)	1,544,427	8	1,523,809	9
1755	Right-of-use assets (Notes VI(XII) and (XVI), and VII)	635,433	3	513,420	3
1780	Intangible assets (Note VI(XI) and (XIII))	223,496	1	221,038	1
1840	Deferred income tax assets (Note VI(XIX))	82,240	-	72,381	-
1900	Other non-current assets (Notes VI(XI) and (XVIII), VIII and IX)	69,666	-	72,429	-
	Total non-current assets	9,345,347	44	7,701,572	42
1xxx	**Total assets**	**$ 21,177,542**	**100**	**18,448,479**	**100**

	Liabilities and Equity	2021.12.31 Amount	%	2020.12.31 Amount	%
21xx	**Current Liabilities:**				
2100	Short-term borrowings (Notes VI(XI) and (XIV), and VIII)	$ 16,315	-	32,162	-
2150	Notes payable	14,445	-	15,001	-
2170	Accounts payable	4,986,689	24	4,842,867	27
2180	Accounts payable - related parties (Note VII)	90,024	-	80,004	-
2200	Other payables (Notes VI(XVIII) and (XXIII), and VII)	1,151,339	5	948,782	5
2230	Current income tax liabilities	167,169	1	104,500	1
2250	Provisions for liabilities - current (Note VI(XVII))	146,223	1	157,190	1
2280	Lease liabilities - current (Notes VI(XVI) and VII)	166,758	1	151,461	1
2300	Other current liabilities (Note VI(XV) & (XXII))	92,137	1	67,839	-
2320	Current portion of long-term debt (Notes VI(XI) and (XV), and VIII)	73,014	-	12,559	-
	Total current liabilities	6,904,113	33	6,412,365	35
25xx	**Non-current Liabilities:**				
2540	Long-term borrowings (Notes VI(XI) and (XV), and VIII)	199,334	1	110,684	1
2570	Deferred income tax liabilities (Note VI(XIX))	2,919	-	2,039	-
2580	Lease liabilities - non-current (Notes VI(XVI) and VII)	474,996	2	371,116	2
2640	Net defined benefit liabilities (Note VI(XVIII))	44,234	-	57,218	-
2645	Guarantee deposits received	500	-	503	-
2670	Other non-current liabilities (Note VI(XV))	3,970	-	1,894	-
	Total non-current liabilities	725,953	3	543,454	3
2xxx	**Total liabilities**	7,630,066	36	6,955,819	38
31xx	**Equity Attributable to Owners of the Parent (Note VI(III), (IX), (X), (XVIII), (XIX) & (XX))**				
3100	Capital Stock	1,872,620	9	1,872,620	10
3200	Capital surplus	1,011,016	5	1,011,016	5
3300	Retained earnings:				
3310	Legal reserve	1,033,544	5	940,416	5
3350	Unappropriated earnings	3,209,195	15	2,446,328	13
	Total retained earnings	4,242,739	20	3,386,744	18
34xx	Other Equity:				
3410	Exchange differences on translation of financial statements of foreign operations	(117,703)	(1)	(89,678)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,200,289	29	5,004,114	27
	Total other equity	6,082,586	28	4,914,436	27
	Total equity attributable to shareholders of the parent	13,208,961	62	11,184,816	60
36xx	**Non-controlling Interests**	338,515	2	307,844	2
3xxx	**Total equity**	13,547,476	64	11,492,660	62
2-3xxx	**Total liabilities and equity**	**$ 21,177,542**	**100**	**18,448,479**	**100**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Notes VI(XXII) and VII)**	$ 16,650,252	100	14,796,460	100
5000	**Operating costs (Notes VI(VII), (XI), (XII), (XIII), (XVI), (XVII) and (XVIII), VII and XII)**	14,225,200	85	12,730,131	86
5920	Add: Unrealized sales gains (losses)	(847)	-	(2,781)	-
5900	**Gross profit**	2,424,205	15	2,063,548	14
6000	**Operating expenses (Notes VI(V), (VI), (XI), (XII), (XIII), (XVI), (XVIII) and (XXIII), VII and XII):**				
6100	Selling and marketing expenses	620,915	4	531,862	4
6200	General and administrative expenses	676,460	4	609,160	4
6300	Research and development expenses	455,887	3	451,578	3
6450	Expected credit impairment losses (gains)	(966)	-	8,611	-
	Total operating expenses	1,752,296	11	1,601,211	11
6900	**Net operating income**	671,909	4	462,337	3
7000	**Non-operating income and expenses (Notes VI(II), (III), (VIII), (IX), (X), (XVI) and (XXIV), and VII):**				
7100	Interest income	23,348	-	23,883	-
7010	Other income	198,340	1	208,551	1
7020	Other gains and losses	75,065	1	249,554	2
7050	Finance costs	(11,346)	-	(13,330)	-
7060	Share of profits (losses) of associates and joint ventures under equity method	3,284	-	3,049	-
	Total non-operating income and expenses	288,691	2	471,707	3
7900	**Income before income tax from continuing operations**	960,600	6	934,044	6
7950	**Less: Income tax expense (Note VI(XIX))**	159,321	1	241,969	1
8200	**Net Income**	801,279	5	692,075	5
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss (Note VI(XVIII), (XIX) and (XX))**				
8311	Gains (losses) on re-measurements of defined benefit plans	7,076	-	(7,791)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,854,340	11	2,088,968	14
8349	Less: Income tax related to items that will not be reclassified subsequently	1,415	-	(1,558)	-
	Total items that will not be reclassified to profit or loss	1,860,001	11	2,082,735	14
8360	**Items that may be reclassified subsequently to profit or loss (Note VI(IX) and (XX))**				
8361	Exchange differences on translation of financial statements of foreign operations	(29,332)	-	24,762	-
8370	Share of other comprehensive income (losses) of associates and joint ventures under equity method	(809)	-	(1,400)	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(30,141)	-	23,362	-
8300	**Other Comprehensive Income**	1,829,860	11	2,106,097	14
8500	**Total Comprehensive Income**	$ 2,631,139	16	2,798,172	19
	Net income (losses) attributable to:				
8610	Shareholders of the parent	$ 754,082	5	669,314	5
8620	Non-controlling Interests	47,197	-	22,761	-
		$ 801,279	5	692,075	5
	Total comprehensive income (losses) attributable to:				
8710	Shareholders of the parent	$ 2,585,931	16	2,784,736	19
8720	Non-controlling Interests	45,208	-	13,436	-
		$ 2,631,139	16	2,798,172	19
	Earnings per share (unit: NT$) (Note VI(XXI))				
9750	Basic earnings per share	$	4.03		3.55
9850	Diluted earnings per share	$	3.99		3.52

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen   Managerial Officer: Cheng, Ya-Jen Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Equity Attributable to Owners of the Parent											
			Retained earnings			Other equity items						
	Capital stock - common shares	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to shareholders of the parent	Non-controlling Interests	Total Equity
Balance as of January 1 2020	$ 1,922,620	1,131,801	902,027	1,745,698	2,647,725	(116,514)	3,199,064	3,082,550	-	8,784,696	304,971	9,089,667
Appropriation and distribution of earnings:												
Legal reserve	-	-	38,389	(38,389)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(192,262)	(192,262)	-	-	-	-	(192,262)	(10,563)	(202,825)
Changes in other capital surplus:												
Cash dividends appropriated from capital surplus	-	(96,131)	-	-	-	-	-	-	-	(96,131)	-	(96,131)
Net Income	-	-	-	669,314	669,314	-	-	-	-	669,314	22,761	692,075
Other Comprehensive Income	-	-	-	(6,241)	(6,241)	26,836	2,094,827	2,121,663	-	2,115,422	(9,325)	2,106,097
Total Comprehensive Income	-	-	-	663,073	663,073	26,836	2,094,827	2,121,663	-	2,784,736	13,436	2,798,172
Purchase of treasury shares	-	-	-	-	-	-	-	-	(101,003)	(101,003)	-	(101,003)
Retirement of treasury shares	(50,000)	(29,434)	-	(21,569)	(21,569)	-	-	-	101,003	-	-	-
Changes in ownership interests in subsidiaries	-	4,780	-	-	-	-	-	-	-	4,780	-	4,780
Disposal of investment in equity instruments at fair value through other comprehensive income	-	-	-	289,777	289,777	-	(289,777)	(289,777)	-	-	-	-
Balance as of December 31, 2020	1,872,620	1,011,016	940,416	2,446,328	3,386,744	(89,678)	5,004,114	4,914,436	-	11,184,816	307,844	11,492,660
Appropriation and distribution of earnings:												
Legal reserve	-	-	93,128	(93,128)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	-	(561,786)	-	(561,786)
Net Income	-	-	-	754,082	754,082	-	-	-	-	754,082	47,197	801,279
Other Comprehensive Income	-	-	-	5,534	5,534	(28,025)	1,854,340	1,826,315	-	1,831,849	(1,989)	1,829,860
Total Comprehensive Income	-	-	-	759,616	759,616	(28,025)	1,854,340	1,826,315	-	2,585,931	45,208	2,631,139
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16,901)	(16,901)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,364	2,364
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	658,165	658,165	-	(658,165)	(658,165)	-	-	-	-
Balance as of December 31, 2021	**$ 1,872,620**	**1,011,016**	**1,033,544**	**3,209,195**	**4,242,739**	**(117,703)**	**6,200,289**	**6,082,586**	**-**	**13,208,961**	**338,515**	**13,547,476**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 960,600	934,044
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	339,849	316,857
Amortization expenses	4,732	3,891
Expected credit impairment losses (gains)	(966)	8,611
Interest expenses	11,346	13,330
Interest income	(23,348)	(23,883)
Dividend income	(122,933)	(107,452)
Share of profits (losses) of associates and joint ventures under equity method	(3,284)	(3,049)
Loss on disposal of property, plant, and equipment	530	2,495
Gains on disposal of non-current assets held for sale	(72,399)	(326,059)
Unrealized sales gains (losses)	847	2,781
Gains on lease modifications	(97)	(18)
Rent concessions reclassified to revenue	-	(14,763)
Gains on bargain purchase	(2,523)	-
Total adjustments for profit or loss	131,754	(127,259)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	49,658	(174,486)
Notes receivable	23,835	(3,842)
Accounts receivable	(249,685)	146,410
Accounts receivable - related parties	(184,995)	(89,674)
Other receivables	(3,530)	(18,435)
Inventories	(918,687)	(542,332)
Prepayments	(789)	(4,542)
Other current assets	(10,558)	655
Other Non-Current Assets	(3,222)	6,762
Total changes in operating assets	(1,297,973)	(679,484)
Changes in operating liabilities:		
Notes payable	(556)	619
Accounts payable	135,026	312,715
Accounts payable - related parties	10,020	(7,656)
Other payables	185,539	172,211
Provisions for liabilities	(10,967)	11,853
Other current liabilities	16,159	5,183
Net defined benefit liabilities	(6,374)	(8,942)
Other non-current liabilities	3,591	2,994
Total changes in operating liabilities	332,438	488,977
Total changes in operating assets and liabilities	(965,535)	(190,507)
Total adjustments	(833,781)	(317,766)
Cash flows generated by operating activities	126,819	616,278
Interest received	23,320	25,001
Interest paid	(11,335)	(13,690)
Income tax paid	(107,486)	(205,594)
Net cash flows generated from operating activities	31,318	421,995
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(296,047)	(118,419)
Disposal of financial assets at fair value through other comprehensive income	660,425	301,443
Acquisition of financial assets at amortized cost	(10,959)	-
Acquisition of subsidiaries (deducting cash obtained)	3,832	-
Disposal of non-current assets held for sale	87,067	291,414
Acquisition of property, plant, and equipment	(214,977)	(224,212)
Disposal of property, plant and equipment	450	973
Acquisition of intangible assets	(7,190)	(1,513)
Decrease (increase) in refundable deposits	2,464	(13,108)
Increase in prepayments for equipment	(3,475)	(2,153)
Dividends received	122,933	107,452
Increase in restricted deposits	-	(18,821)
Net cash flows from investing activities	344,523	323,056
Cash flows from financing activities:		
Decrease in short-term loans	(15,847)	(73,461)
Proceeds from long-term loans	181,989	108,076
Repayments of long-term loans	(32,884)	(1,923)
Repayment of the principal of lease liabilities	(162,242)	(134,460)
Cash dividends paid	(561,786)	(288,393)
Purchase cost of treasury shares	-	(101,003)
Cash dividends paid to non-controlling interests	(16,901)	(10,563)
Net cash flows used in financing activities	(607,671)	(501,727)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(25,034)	23,864
Net increase (decrease) in cash and cash equivalents	(256,864)	267,188
Cash and cash equivalents at the beginning of the year	3,051,117	2,783,929
Cash and cash equivalents at the end of the year	**$ 2,794,253**	**3,051,117**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

Attachment IV

FSP Technology Inc.

2021Earnings Distribution Statement

Unit: NT$

Item	Amount	Subtotal
Beginning balance of retained earnings	1,791,414,490	
Plus: Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	658,164,599	
Plus: Changes in the current period of remeasurements of defined benefit plans	5,533,703	
Current net income	754,082,423	
Total distributable income for this period		3,209,195,215
Appropriation of 10% as statutory surplus reserve	141,778,073	
Shareholder bonus (distributed entirely in cash)	617,964,435	
Total distributable amount		759,742,508
Unappropriated retained earnings at the end of period		2,449,452,707
Note:		

Chairman: Cheng, Ya-Jen　　General Manager: Cheng, Ya-Jen　　Principal Accounting Officer: Sang, Hsi-Yun

Attachment V

FSP Technology Inc.

Comparison Table of the Articles of Incorporation before and after the amendment

Article	Current Article	Article after Amendment	Explanation
Article 12-2		When the Company convenes a shareholders' meeting, it may use a video conference or other methods announced by the central competent authority. The method of implementation and relate matters shall be processed in accordance with related regulations.	This article is added in accordance with Article 172-2 of the Company Act and Article 44-9 of the "Regulations Governing the Administration of Shareholder Services of Public Companies" which allow public companies to convene shareholders' meetings by video conference.
Article 24	The Articles of Incorporation were established on April 8, 1993. The 1st amendment was made on January 20, 1994. The 2nd amendment was made on October 9, 1983. The 3rd amendment was made on August 9, 1997. The 4th amendment was made on October 28, 1998.	The Articles of Incorporation were established on April 8, 1993. The 1st amendment was made on January 20, 1994. The 2nd amendment was made on October 9, 1983. The 3rd amendment was made on August 9, 1997. The 4th amendment was made on October 28, 1998.	Amended to include the last amendment date.

Article	Current Article	Article after Amendment	Explanation
	The 5th amendment was made on June 15, 1999. The 6th amendment was made on June 15, 2000. The 7th amendment was made on June 16, 2001. The 8th amendment was made on June 22, 2002. The 9th amendment was made on December 26, 2003. The 10th amendment was made on June 3, 2004. The 11th amendment was made on June 10, 2005. The 12th amendment was made on June 14, 2006. The 13th amendment was made on June 15, 2007. The 14th amendment was made on June 13, 2008. The 15th amendment was made on June 10, 2009. The 16th amendment was made on June 17, 2010. The 17th amendment was made on June 15, 2011. The 18th amendment was made on June 18, 2012. The 19th amendment was made on June 10, 2013. The 20th amendment was made on June 10, 2015. The 21st amendment was made on June 8, 2016. The 22nd amendment was made on June 8, 2017. The 23rd amendment was made on June 16, 2020.	The 5th amendment was made on June 15, 1999. The 6th amendment was made on June 15, 2000. The 7th amendment was made on June 16, 2001. The 8th amendment was made on June 22, 2002. The 9th amendment was made on December 26, 2003. The 10th amendment was made on June 3, 2004. The 11th amendment was made on June 10, 2005. The 12th amendment was made on June 14, 2006. The 13th amendment was made on June 15, 2007. The 14th amendment was made on June 13, 2008. The 15th amendment was made on June 10, 2009. The 16th amendment was made on June 17, 2010. The 17th amendment was made on June 15, 2011. The 18th amendment was made on June 18, 2012. The 19th amendment was made on June 10, 2013. The 20th amendment was made on June 10, 2015. The 21st amendment was made on June 8, 2016. The 22nd amendment was made on June 8, 2017. The 23rd amendment was made on June 16, 2020.	

Article	Current Article	Article after Amendment	Explanation
	The 24th amendment was made on July 20, 2021.	The 24th amendment was made on July 20, 2021. <u>The 25th amendment was made on June 9, 2022.</u>	

Attachment VI

FSP Technology Inc.

Comparison Table of the Procedures for Acquisition or Disposal of Assets before and after the amendment

Article	Current Article	Article after Amendment	Explanation
Article 6	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: I. 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	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: I. 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,	I. The amendment is processed in accordance with Jin-Guan-Zheng-Fa No. 1110380465 Letter of the Financial Supervisory Commission dated January 28, 2022. II. Since each trade association of the external experts has established regulations for their businesses, such as the self-governing regulations related to real estate appraisal for the issuance of appraisal reports by professional appraisers, the other trade associations of external experts shall also amend their self-governing regulations for the issuance of opinions by their operators or personnel in accordance with the

Article	Current Article	Article after Amendment	Explanation
	period of a suspended sentence, or since a pardon was received. II. May not be a related party or de facto related party of any party to the transaction. III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When ~~examining~~ a case, they shall appropriately plan and execute adequate working	since expiration of the period of a suspended sentence, or since a pardon was received. II. May not be a related party or de facto related party of any party to the transaction. III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-governing regulations of the industry associations and</u> the following: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When <u>executing</u> a case, they shall appropriately plan and execute adequate working	"Practical Guidelines for the Issuance of Opinions by Experts" published by Taiwan Stock Exchange Corporation. To clarify the procedures and responsibilities to be followed by external experts, the Company hereby amends Paragraph 2 of the preamble to require professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters to process the appraisal in accordance with requirements in Paragraph 2, and comply with the self-governing regulations of their respective trade associations. III. As the aforementioned external experts undertake and execute the appraisal report or

Article	Current Article	Article after Amendment	Explanation
	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. III. They shall undertake an item-by-item evaluation of the ~~comprehensiveness, accuracy,~~ and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable ~~and accurate,~~ and that they have complied with applicable laws and regulations.	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. III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable and that they have complied with applicable laws and regulations.	reasonableness opinions in accordance with the Regulations, and such work does not refer to the examination of financial statements, the wording for "examining" a case in Paragraph 2, Subparagraph 2 was amended to "executing" a case. IV. The Company amended the wording of Paragraph 2, Subparagraph 3 and Subparagraph 4 to meet requirements in the actual operations based on the actual evaluation of the sources, parameters, and information used by the external experts, with reference to Article 9, Paragraph 4, Paragraph 4, Item 3-5 of the Regulations Governing the Preparation of Financial Reports by Securities

Article	Current Article	Article after Amendment	Explanation
			Issuers, (2014) Ji-Mi No. ○○○○○○○298 Interpretation of the Accounting Research and Development Foundation, and Article 27 of the Statement of Appraisal Standard No. 8.
Article 8	Procedures for the acquisition or disposal of real property, equipment, and right-of-use assets (Paragraph 1 and Paragraph 3 are not amended and are omitted here) II. Procedures for determining transaction terms and the limit of the authorized amount (I) The Company shall reference the published value, appraised value, actual sale prices of neighboring properties and the right-of-use assets thereof, final terms, and prices for the acquisition or disposal of real property and right-of-use assets thereof and produce an analysis report to be	Procedures for the acquisition or disposal of real property, equipment, and right-of-use assets (Paragraph 1 and Paragraph 3 are not amended and are omitted here) II. Procedures for determining transaction terms and the limit of the authorized amount (I) The Company shall reference the published value, appraised value, actual sale prices of neighboring properties and the right-of-use assets thereof, final terms, and prices for the acquisition or disposal of real property and right-of-use assets thereof and produce an analysis report to	I. The Company shall, based on its operation conditions, increase the limit of the authorized amount for the acquisition or disposal of real property, equipment, and right-of-use assets thereof. II. The amendment is processed in accordance with Jin-Guan-Zheng-Fa No. 1110380465 Letter of the Financial Supervisory Commission dated January 28, 2022. III. As Article 6 has been amended to require external experts to issue opinions in

Article	Current Article	Article after Amendment	Explanation
	submitted to the Chairman. If the transaction amount is less than NT$~~20 million~~ (inclusive), the amount shall require the approval of the Chairman; if the amount exceeds NT$~~20 million~~, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation. (II) The acquisition or disposal of equipment or right-of-use assets thereof shall be conducted by way of price inquiry, price comparison, price negotiation, or bidding. If the transaction amount is less than NT$~~20 million~~ (inclusive), the amount must be approved according	be submitted to the Chairman. If the transaction amount is less than NT$<u>100 million</u> (inclusive), the amount shall require the approval of the Chairman; if the amount exceeds NT$<u>100 million</u>, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation. (II) The acquisition or disposal of equipment or right-of-use assets thereof shall be conducted by way of price inquiry, price comparison, price negotiation, or bidding. If the transaction amount is less than NT$<u>100 million</u> (inclusive), the amount must be	accordance with the self-regulatory rules of their respective industry associations, and it already includes the procedures for the CPA's issuance of a specific opinion, the Company therefore removes the provisions in Paragraph 1, Subparagraph 4, Item (3) that requires the certified public accountant 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).

Article	Current Article	Article after Amendment	Explanation
	to the internal approval rules; if the amount exceeds NT$~~20 million~~, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation. IV. Appraisal report for real property, equipment, or right-of-use assets thereof 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	approved according to the internal approval rules; if the amount exceeds NT$100 million, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation. IV. Appraisal report for real property, equipment, or right-of-use assets thereof 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	

Article	Current Article	Article after Amendment	Explanation
	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: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (II) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.	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: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (II) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be	

Article	Current Article	Article after Amendment	Explanation
	(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to 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: 1. The discrepancy between the appraisal result	obtained. (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. The discrepancy between the appraisal result	

Article	Current Article	Article after Amendment	Explanation
	and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (V) Where the Company acquires or disposes of assets through court auction	and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (V) Where the Company acquires or disposes of assets through court auction	

Article	Current Article	Article after Amendment	Explanation
	procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. (VI)The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, 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.	procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. (VI)The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	
Article 9	Procedures for acquisition or disposal of securities (Paragraph 1 to 3 are not amended and are omitted here) IV. Obtain expert opinion (I) If the dollar amount of the transaction is 20 percent of the	Procedures for acquisition or disposal of securities (Paragraph 1 to 3 are not amended and are omitted here) IV. Obtain expert opinion (I) If the dollar amount of the transaction is 20 percent of the	The reason for amendment is the same as Explanation 2 and 3 of Article 8.

Article	Current Article	Article after Amendment	Explanation
	Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. ~~If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.~~ This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). (II) Where the Company acquires or disposes of assets through	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). (II) Where the Company acquires or disposes of assets through	

Article	Current Article	Article after Amendment	Explanation
	court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. (III) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, 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.	court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. (III) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, 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 10	Procedures for processing related party transactions (Paragraph 1 is not amended	Procedures for processing related party transactions (Paragraph 1 is not amended	I. The amendment is processed in accordance with

Article	Current Article	Article after Amendment	Explanation
	and is omitted here) I. Assessment and operating procedures When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use 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 Audit Committee and	and is omitted here) I. Assessment and operating procedures When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use 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 Audit Committee	Jin-Guan-Zheng-Fa No. 1110380465 Letter of the Financial Supervisory Commission dated January 28, 2022. II. Paragraph 2, Subparagraph (3) to (4) are moved to Subparagraph (2) to (3) in the amendment. III. Amendment to Paragraph 2, Subparagraph 4: (I) The competent authority seeks to strengthen the management of related party transactions and protect the rights of minority shareholders of public companies to express their opinions on transactions between the Company and related parties. The competent authority referenced regulations of

Article	Current Article	Article after Amendment	Explanation
	passed by the Board of Directors. (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (II) The reason for choosing the related party as a transaction counterparty. (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, Subparagraph (1) and Subparagraph (4) of this Article. (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's	and passed by the Board of Directors. (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (II) The reason for choosing the related party as a transaction counterparty. (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3, Subparagraph (1) and Subparagraph (4) of this Article. (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's	major foreign capital markets such as Singapore and Hong Kong and imposed regulations to prevent public companies from evading regulations for requiring the approval of the board of directors by using subsidiaries that are not domestic public companies in material related-party transactions. If a public company intends to evade such regulations, it must submit related information to the shareholders' meeting for approval. The competent authority therefore specifies that if

Article	Current Article	Article after Amendment	Explanation
	relationship to the Company and the related party. (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization. (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (VII) Restrictive covenants and other important stipulations associated with the transaction. ~~The calculation of the transaction amounts in the preceding paragraph shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, and "within the preceding year" as used herein refers to the year~~	relationship to the Company and the related party. (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization. (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (VII) Restrictive covenants and other important stipulations associated with the transaction. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or	a public company or its subsidiary that is not a domestic public company engages in a transaction for the acquisition or disposal of assets with a related party as defined in Paragraph 2, Subparagraph 1, if the transaction amount exceeds 10% of the public company's total assets, the public company must submit related information to the shareholders' meeting for approval before implementation. If the matter must be approved by the shareholders' meeting of a non-public subsidiary, the immediate

Article	Current Article	Article after Amendment	Explanation
	~~preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors 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 its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may delegate the 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: (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (II) Acquisition or disposal of real	authorized capital, the Board of Directors may delegate the 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: (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (II) Acquisition or disposal of real	parent public company shall be required to obtain the approval from its shareholders' meeting. (II) The competent authority considered the overall business planning requirements between the public company and its parent company or subsidiary company, or between the subsidiaries, and referencing the regulations for exemptions in the aforementioned major foreign capital markets, and relaxed regulations so that transactions between such companies do not require a resolution of the shareholders' meeting. (III) In addition,

Article	Current Article	Article after Amendment	Explanation
	property right-of-use assets held for business use. Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 1, the Board of Directors shall take into full consideration each Independent Director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	property right-of-use assets held for business use. Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to Paragraph <u>2</u>, 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. <u>If the Company or its subsidiary that is not a domestic public company engages in a transaction in Paragraph 2 and the transaction amount exceeds 10% of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the information listed in Paragraph 1 has been submitted to the shareholders' meeting for approval. However,</u>	where the aforementioned related-party transaction is governed Article 185, Paragraph 1, Subparagraph 1 of the Company Act, the resolution of the shareholders' meeting must be processed as a resolution adopted by a special majority in accordance with Article 185 of the Company Act, and processed in accordance with the aforementioned items and related regulations in the Company Act. IV. Paragraph 2, Subparagraph (2) is moved to Subparagraph (5) to (3) in the amendment. The amended calculation of the

Article	Current Article	Article after Amendment	Explanation
		this requirement does not apply to transactions between the Company and its subsidiaries or between the subsidiaries. The calculation of the transaction amounts in Paragraph 2, Subparagraph 1 and the preceding subparagraph shall be done in accordance with Article 15, Paragraph 1, Subparagraph (7), and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting and approved by the Board of Directors in accordance with the Procedures need not be counted toward the transaction amount.	transaction amount is included in transactions that require the approval of the shareholders' meeting.
Article 11	Procedures for the acquisition or disposal of intangible assets, right-of-use assets thereof, and memberships (Paragraph 1 to 3 are not amended and are omitted here) IV. Expert assessment report	Procedures for the acquisition or disposal of intangible assets, right-of-use assets thereof, and memberships (Paragraph 1 to 3 are not amended and are omitted here) IV、Expert assessment	The reason for amendment is the same as that of Article 8.

Article	Current Article	Article after Amendment	Explanation
	on intangible assets or right-to-use assets thereof or memberships (I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1 percent or more of paid-in capital or NT$3 million or more, the Company shall engage an expert to provide an appraisal report. (II) Where the Company's acquisition or disposal of an intangible asset or right-of-use assets thereof reaches 10 percent or more of the Company's paid-in capital or NT$20 million, the Company shall engage an expert to provide an appraisal report. (III) If the dollar amount of the Company's acquisition or disposal of intangible assets, right-of-use assets,	report on intangible assets or right-to-use assets thereof or memberships (I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1 percent or more of paid-in capital or NT$3 million or more, the Company shall engage an expert to provide an appraisal report. (II) Where the Company's acquisition or disposal of an intangible asset or right-of-use assets thereof reaches 10 percent or more of the Company's paid-in capital or NT$20 million, the Company shall engage an expert to provide an appraisal report. (III) If the dollar amount of the Company's acquisition or disposal of intangible assets,	

Article	Current Article	Article after Amendment	Explanation
	or memberships is 20 percent of the Company's paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, 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. ~~The CPA shall render an opinion in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.~~ (IV) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, and "within the preceding year" as used herein refers to the year	right-of-use assets, or memberships is 20 percent of the Company's paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. (IV) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, and "within the preceding year" as used herein refers to the year	

Article	Current Article	Article after Amendment	Explanation
	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.	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 15	Public announcement and regulatory filing procedures I. Public announcement items and regulatory filing standards (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300	Public announcement and regulatory filing procedures I. Public announcement items and regulatory filing standards (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total	I. The amendment is processed in accordance with Jin-Guan-Zheng-Fa No. 1110380465 Letter of the Financial Supervisory Commission dated January 28, 2022. II. As the announcements and reporting of trading of domestic government bonds by public companies are now exempted, the Company has amended Paragraph 1, Subparagraph 6, Item 1. The exemption of announcements and reporting also

Article	Current Article	Article after Amendment	Explanation
	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. (II) Merger, demerger, acquisition, or transfer of shares. (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any	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. (II) Merger, demerger, acquisition, or transfer of shares. (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction	applies to the trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign credit rating of the Republic of China. III. As the Company is not a professional investor, Paragraph 1, Subparagraph 6, Item 2 is removed and Article 1, Subparagraph 6, Item 3 is moved to Paragraph 1, Subparagraph 6, Item 2 of the amended articles.

Article	Current Article	Article after Amendment	Explanation
	of the following criteria: 1. For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. 2. For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. (V) 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; (VI) Where an asset transaction other	amount meets any of the following criteria: 1. For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. 2. For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. (V) 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; (VI) Where an asset transaction other	

Article	Current Article	Article after Amendment	Explanation
	than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: 1. Trading of domestic government bonds. 2. ~~Where done by professional investors securities trading on securities~~	than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: 1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign credit rating of the Republic of China</u>.	

Article	Current Article	Article after Amendment	Explanation
	~~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~~		

Article	Current Article	Article after Amendment	Explanation
	~~accordance with the rules of the Taipei Exchange.~~ 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (VII)The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same	<u>2.</u> Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (VII)The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction	

Article	Current Article	Article after Amendment	Explanation
	transaction counterparty within one year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within one year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. The term "within one year" refers to the year	counterparty within one year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within one year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. The term "within one year" refers to the year	

Article	Current Article	Article after Amendment	Explanation
	preceding the date of occurrence of the current transaction. Items duly announced in accordance with regulations need not be counted toward the transaction amount. (Paragraph 2 to 7 are not amended and are omitted here)	preceding the date of occurrence of the current transaction. Items duly announced in accordance with regulations need not be counted toward the transaction amount. (Paragraph 2 to 7 are not amended and are omitted here)	

Appendix I

FSP Technology Inc.
Rules of Procedure for Shareholders' Meetings

Passed in the annual shareholders' meeting on June 10, 2015

Article 1 The shareholders' meetings of the Company shall be processed in accordance with these Rules.

Article 2 When shareholders (or proxies) attend the meeting, they must wear their attendance pass, submit an attendance card for the purpose of signing in, and use it calculate the number of shares in attendance. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 3 When a shareholders' meeting is attended by shareholders (or proxies) representing more than half of all outstanding shares, the chair shall call the meeting to order. When the attending shareholders do not represent a majority of the total number of issued shares at the appointed meeting time, the chair may announce a postponement. If the number of shares in attendance is still insufficient but after two postponements but shareholders (or proxies) representing more than one third of the outstanding shares are in attendance, a tentative resolution may be passed by a majority of those present for general items. After the tentative resolution specified in the preceding paragraph is adopted, if the number of shares represented by the shareholders (or proxies) in attendance constitute a quorum, the chair may put the tentative resolution to vote in the meeting.

Article 4 The agenda of the meeting shall be set by the Board of Directors. Unless a resolution is passed, the meeting shall proceed in accordance with the agenda. Unless otherwise resolved at the shareholders' meeting, the chair may not announce the adjournment of the meeting before the scheduled agenda items (including special motions) set forth in the agenda in the preceding paragraph are concluded, If the chair announces the adjournment of the meeting and violates these rules of procedure during the shareholders' meeting, the meeting may be continued after those in attendance elect one of the attendees to be the chair based on the approval of the majority of the votes represented by the attending shareholders. Shareholders may not designate any other person as chair and continue the meeting in the same or another place after the meeting is adjourned.

Article 5 Before speaking, an attending shareholder (or proxy) must specify on a speaker's slip his/her attendance pass number, account name, and the subject of the speech. The order in which shareholders speak will be set by the chair. A shareholder (or proxy) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Article 6 Deleted.

Article 7 The explanation for a proposal may not exceed 5 minutes. The response shall be limited to 3 minutes per person, which may be extended by 3 minutes with the permission of the chair. If the speech by the shareholder (or proxy) exceeds the duration, number of speeches, or the scope of the agenda item, the chair may stop him/her from speaking. When a shareholder (or proxy) is speaking, other shareholders (or proxies) must not interfere with the speech except with the consent of the chair. The chair shall stop violators and regulations in Article 15 shall apply mutatis mutandis to those who fail to comply with the chair's decision.

Article 8 Each shareholder shall not speak more than two times on each agenda item. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 9 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. During the discussion of a motion, the chair may announce the termination of the discussion after an appropriate period of time, and may announce the suspension of discussions if necessary.

Article 10 The chair shall submit agenda items for which discussions are terminated or suspended to a vote. An item that is not an agenda item shall not be discussed or voted on. 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.

Article 11 Unless otherwise specified in the regulations, a vote on an agenda item shall be passed by a majority of the votes represented by the shareholders (or proxies) present at the meeting. An agenda is considered passed if the chair receives no objections from any attendants. The matter will be deemed approved with the same effect as approval by vote. When there is an amendment or an alternative to a proposal, the chair shall 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. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 11-1 The exercise of voting rights through electronic means is included as one of the means for exercising voting rights. The method of exercise shall be processed in accordance with relevant laws and regulations.

Article 12 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 13 If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

Article 14 The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband.

Article 15 Shareholders (or proxies) must follow the instructions of the chair and proctors (or security personnel) for maintaining order. The chair and proctors (or security personnel) may remove individuals who obstruct the proceedings of the shareholders' meeting.

Article 16 Matters not prescribed in these Rules shall be processed in accordance with the provisions of the Company Act, Securities and Exchange Act, and other relevant laws and regulations.

Article 17 These Rules shall take effect after they are passed by the shareholders' meeting. The same applies to all subsequent amendments.

Appendix II

FSP Technology Inc.

Articles of Incorporation

Chapter 1General Principles

Article 1: The Company is organized pursuant to the Company Act and it is named "FSP Technology Inc".

Article 2: The business scope of the Company is as follows:

I. CB01010 Manufacture of machinery and equipment.
II. CC01010 Power generation, transmission and distribution machinery manufacturing.
III. CC01080 Electronic parts and components manufacturing.
IV. CE01010 Precision instruments manufacturing.
V. E603050 Automated control equipment engineering.
VI. EZ05010 Apparatus installation construction.
VII. F113030 Precision equipment wholesale.
VIII. F213040 Precision equipment retail.
IX. F401010 International trade.
X. CC01101 Restricted telecom radio frequency equipment and materials manufacturing.
XI. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
XII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide external guarantees.

Article 2-2: The Company may invest in other business entities and the Company's investments in other businesses shall not be restricted by the 40% of the Company's paid-up capital as specified in Article 13 of the Company Act.

Article 3: The Company's headquarters is located in Taoyuan City. The Company may set up branch offices in locations in Taiwan or foreign countries as resolved by the Board of Directors, if necessary.

Article 4: (Deleted).

Chapter 2Capital Stock

Article 5: The Company's authorized capital is NT$3.6 billion divided into 360 million shares with a par value of NT$10 per share. The Board of Directors is authorized to issue the unissued shares in installments if deemed necessary.

Of the authorized capital specified in the preceding paragraph, NT$100 million is reserved and divided into 10 million shares priced at NT$10 per share for the exercise of stock options on warrants, preferred shares with warrants, or corporate bonds with warrants.

Where the Company reports the issuance of employee stock warrants at a strike price which is lower than the closing price of the Company's common stocks on the date of issuance, it shall obtain the approval of at least two thirds of the voting rights present at the shareholders meeting attended by shareholders representing a majority of total issued shares before issuance.

Transfer of shares to employees at prices below the Company's average repurchase price must be approved by a resolution of the most recent shareholders' meeting, in which the resolution must be approved by at least two thirds of the voting rights present at the shareholders meeting attended by shareholders representing a majority of total issued shares.

Article 5-1: The recipients of the Company's treasury stock buyback, distribution of employee stock warrants, employee subscription of new shares, and issuance of new restricted employee shares include employees of controlling or subordinate companies that meet the criteria.

Where the scope of the employees in the preceding paragraph is otherwise specified by the competent authority of securities, such regulations shall prevail.

Article 6: (Deleted).

Article 7: Stocks issued by the Company are not required to be printed. The Company, however, shall contact the centralized securities depository enterprise for the registration of the share certificates.

Article 8: The transfer of shares shall be suspended within 60 days prior to the date of an annual shareholders' meeting, within 30 days prior to the date of a special shareholders' meeting, or within 5 days prior to the baseline date set by the Company for distribution of dividends, bonus or other benefits.

Chapter 3Shareholders' Meeting

Article 9: Shareholders' meeting can be divided into general meetings and special meetings. General meetings are convened by the Board of Directors once a year within six months of the end of each fiscal year in accordance with laws. Special meetings may be convened according to the law when necessary.

Article 9-1: The Company shall administer stock transfer operations in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 10: A shareholder may appoint a proxy to attend a shareholders’ meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.

Article 11: Each share held by the shareholders of the Company is entitled to one voting right. No voting power shall be granted, however, to company shares prescribed in Article 179 of the Company Act.

Article 12: Unless otherwise stipulated in the Company Act, any resolutions in a shareholders' meeting should be approved by a majority vote at a shareholders' meeting attended by shareholders representing a majority of total issued shares before issuance. The meeting minutes shall be disseminated to each shareholder no later than 20 days after the meeting. The aforementioned meeting minutes may be distributed in the form of announcements.

Article 12-1: When the Company convenes a shareholders' meeting, it may include electronic voting as one of the methods for exercising voting rights. A shareholder who exercises voting rights at a shareholders' meeting by electronic voting shall be deemed to have attended the shareholders' meeting in person. Other related matters shall be carried out in accordance with regulations.

Chapter 4Directors and Supervisors

Article 13: The Company shall have five to thirteen Directors, who are elected during shareholders' meetings from among persons of adequate capacity to serve a term of three years. They may be re-elected to serve consecutive terms.

According to Article 14-2 of the Securities and Exchange Act, the number of Independent Directors among the Directors in the preceding paragraph shall be no fewer than two and they shall constitute no less than one fifth of the Directors.

The election of the Company's Directors (including Independent Directors) is held via a candidate nomination system and Directors shall be elected from the list of candidates in the shareholders' meeting. The compliance matters of Independent Directors shall be processed in accordance with the Company Act and regulations of the competent authority of securities.

The Company may purchase liability insurance for Directors.

Article 13-1: The Company has established the Audit Committee in accordance with Article 14-4 of the Company Act, and its members are responsible for carrying out the duties of Supervisors specified in the Company Act, Securities and Exchange Act, and other relevant regulations.

Article 14: The Board of Directors is formed by the Directors. The Chairman shall be elected by a majority voting of the Directors present at a meeting of its Board of Directors attended at least two thirds of the Directors of the Company. The Board of Directors may elect one person to serve as the Vice Chairman in the same manner. The Chairman shall represent the Company externally.

Article 14-1: Directors shall be notified of board meetings seven days prior to the meeting with the reason indicated. A board meeting may be called at any time in the event of an emergency.

Board meetings may be called by means written notice, email, or fax.

Article 14-2: The Board of Directors may establish different functional committees (they also may appoint external experts and academics to serve as members of the committees).

The charters for the exercise of powers by functional committees shall be established by the Board of Directors.

Article 15: If the Chairman is on leave or cannot exercise powers due to other reasons, the Vice Chairman shall act on his/her behalf. If no Vice Chairman is appointed or if the Vice Chairman is also on leave or cannot exercise powers due to other reasons, the exercise of power shall be processed in accordance with Article 205 and Article 208 of the Company Act. If the Chairman is on leave or cannot exercise powers due to other reasons, the exercise of power shall be processed in accordance with Article 205 and Article 208 of the Company Act.

Article 16: The Company's remuneration for Directors shall be evaluated by the Remuneration Committee and the meeting of the Board of Directors is authorized to determine the remuneration.

Chapter 5Managerial Personnel

Article 17: The Company shall appoint one President and several Vice Presidents to assist the President. The President is responsible for all business operations of the Company based on the instructions of the Board of Directors. The appointment and dismissal of the President shall be processed in accordance with laws.

Chapter 6Accounting

Article 18: At the end of each fiscal year, the Board of Directors of the Company shall submit (1) Business Report; (2) financial statements; (3) proposals on distribution of earnings or make-up of deficits, etc. to the annual shareholders' meeting to request ratification.

Article 19: (Deleted).

Article 20: In case the Company makes a profit in the current year (profits refer to the income before tax and before the distribution of remuneration to employees and Directors), no less than 6% shall be allocated as the employees' remuneration and no more than 3% as the Directors' remuneration. However, if the Company has accumulated losses (including adjustment on non-distributed earnings), the Company shall set aside a part of the surplus profit first for making up the losses.

The remuneration in the preceding paragraph to the employees may be distributed in stock or cash. The recipients of employee stock dividends or cash dividends include the employees of the companies controlled by or subordinate to the Company that meet certain criteria. The Board of Directors is authorized to determine the method of distribution. The director remuneration shall be distributed in cash.

The procedures in the two preceding paragraphs must be approved by the Board of Directors and reported to the shareholders' meeting.

Article 20-1: (Deleted).

Article 21: If the Company has net profit after tax in its final accounts of the year, it shall first make up for accumulated losses (including adjustments of the unappropriated retained earnings) and then set aside 10% as legal surplus reserve. However, no additional legal surplus reserve shall be appropriated once it reaches the Company's paid-in capital.

The Company shall also appropriate or reverse special reserve based on the requirements for the Company's operations and legal requirements. The Board of Directors shall draft the proposal for appropriation of earnings based on the remaining earnings, if any, combined with accumulated unappropriated earnings at the beginning of the period and submit it to the shareholders' meeting for resolution on distribution of dividends and bonus to shareholders.

The basis for the appropriation of the aforementioned legal surplus reserve is "the net profit after tax of this period plus items other than the net profit after tax of this period are included in the undistributed earnings of the current year".

Where the earnings, statutory surplus reserve, and capital reserve is distributed in cash, the Board of Directors shall be authorized to determine the distribution with a resolution adopted by a majority vote in a meeting of the Board of Directors attended by more than two thirds of the Directors and report to the shareholder's meeting. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution.

Article 22: The Company’s Dividend Policy is based on the Company’s capital budgeting, plans for future capital demand, financial structure, and earnings. The Board of Directors shall formulate the earnings distribution proposal which shall be passed in a resolution of the shareholders' meeting.

As the Company is in a stable growth phase and the industry continues to centralize, the Company seeks to continue to expand its scale in order to achieve sustainable operations and stable growth. The Company's Dividend Policy is that when it has no accumulated losses for the previous period, the Company will distribute dividends to shareholders at a rate of not less than 50% of the Company's annual net income after tax. The distribution may be made in the form of stock dividends or cash dividends and the distribution of cash dividends shall be no less than 30% of the shareholders' bonus.

Where the Company has no distributable earnings in the current year or has distributable earnings that are far lower than the earnings distributed by the Company in the previous year or where the Company makes a decision based on its finances, business, and operations, it may distribute all or parts of the surplus reserve in accordance with laws or regulations of the competent authority.

Chapter 7Miscellaneous

Article 23: Matters not prescribed in the Articles of Incorporation, if any, shall be processed in accordance with the provisions of the Company Act.

Article 24: The Articles of Incorporation were established on April 8, 1993.

The 1st amendment was made on January 20, 1994.

The 2nd amendment was made on October 9, 1983.

The 3rd amendment was made on August 9, 1997.

The 4th amendment was made on October 28, 1998.
The 5th amendment was made on June 15, 1999.
The 6th amendment was made on June 15, 2000.
The 7th amendment was made on June 16, 2001.
The 8th amendment was made on June 22, 2002.
The 9th amendment was made on December 26, 2003.
The 10th amendment was made on June 3, 2004.
The 11th amendment was made on June 10, 2005.
The 12th amendment was made on June 14, 2006.
The 13th amendment was made on June 15, 2007.
The 14th amendment was made on June 13, 2008.
The 15th amendment was made on June 10, 2009.
The 16th amendment was made on June 17, 2010.
The 17th amendment was made on June 15, 2011.
The 18th amendment was made on June 18, 2012.
The 19th amendment was made on June 10, 2013.
The 20th amendment was made on June 10, 2015.
The 21st amendment was made on June 8, 2016.
The 22nd amendment was made on June 8, 2017.
The 23rd amendment was made on June 16, 2020.
The 24th amendment was made on July 20, 2021.

FSP Technology Inc.

Chairman: Cheng, Ya-Jen

Appendix III

FSP Technology Inc.
Procedures for Acquisition or Disposal of Assets

The amendment was passed in the annual shareholders' meeting on June 11, 2019

Article 1: Purpose

The Procedures are established to enhance asset management, protect investments, and ensure information disclosure.

The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where regulations provide otherwise, such provisions shall govern.

Article 2: Legal Basis

The Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Act") and the related regulations in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the Financial Supervisory Commission (hereinafter referred to as the "FSC").

Article 3: Scope of Assets

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

I. Securities 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.
II. Real property (including land, houses and buildings, and investment property) and equipment.
III. Memberships.
IV. Intangible Assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.
V. Right-of-use assets.
VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
VII. Derivatives.
VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
IX. Other major assets.

Article 4: Terminology

I. 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.

II. 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.

III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IV. 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.

V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board 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.

VI. 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.

VII. The term "latest financial statements" refers to the audited or reviewed financial statements duly disclosed by the Company prior to the acquisition or disposal of assets.

VIII. The "10% of total assets" is calculated based on the total assets stated in the most recent parent company only financial report or individual financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. If the shares issued by the Company have no par value or a par value other than NT$10 per share, the threshold transaction amount of 20 percent of paid-in capital shall be replaced by 10 percent of equity attributable to owners of the parent company. The threshold transaction amount for cases where the paid-in capital exceeds NT$10 billion, it shall be calculated based on equity attributable to owners of the parent company totaling NT$20 billion.

Article 5: Limits of Investments in Real Property, Right-of-Use Assets Thereof, and Securities not Held for Business Use

The Company and its subsidiaries are restricted to the following investment amounts for the acquisition of the aforementioned assets:

I. The total amount of real property and right-of-use assets thereof acquired by the

Company not for business use shall be restricted to 20 percent of the net value in the latest financial statements.

II. The maximum amount of investment in securities may not exceed 150 percent of the net value of the Company's latest financial statements.

III. The maximum amount of investment in individual securities not traded on a securities exchange or over-the-counter venue shall not exceed the net value in the latest financial statements. The maximum amount of investment in individual securities traded on a securities exchange or over-the-counter venue shall not exceed 30 percent of the net value in the latest financial statements.

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

I. 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.

II. May not be a related party or de facto related party of any party to the transaction.

III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7: Decision-Making Level

I. The Company's acquisition or disposal of assets shall be processed in accordance with the Procedures or other laws and regulations and approved by more than half of all members of the Audit Committee, and submitted to the Board of Directors meeting for resolution and passage. If the approval of more than half of all members of the Audit Committee is not obtained, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all members of the Audit Committee" and "all Directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

II. When the Company reports a transaction for the acquisition or disposal of assets to the Board of Directors for discussion, it shall take into full consideration each Independent Director's opinions, and include their objections or opinions in the meeting minutes.

Article 8: Procedures for the acquisition or disposal of real property, equipment, and right-of-use assets

I. Assessment and operating procedures

The Company's acquisition or disposal of real property, equipment, or right-of-use assets thereof shall be processed in accordance with the related procedures in the fixed asset cycle procedures in the Company's internal control system.

II. Procedures for determining transaction terms and the limit of the authorized amount

(I) The Company shall reference the published value, appraised value, actual sale prices of neighboring properties and the right-of-use assets thereof, final terms, and prices for the acquisition or disposal of real property and right-of-use assets thereof and produce an analysis report to be submitted to the Chairman. If the transaction amount is less than NT$20 million (inclusive), the amount shall require the approval of the Chairman; if the amount exceeds NT$20 million, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation.

(II) The acquisition or disposal of equipment or right-of-use assets thereof shall be conducted by way of price inquiry, price comparison, price negotiation, or bidding. If the transaction amount is less than NT$20 million (inclusive), the amount must be approved according to the internal approval rules; if the amount exceeds NT$20 million, the approval of the

Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation.

III. Unit responsible for implementation

The Company's acquisition or disposal of real property, equipment, or right-of-use assets thereof shall be implemented by the usage department and the Administration Division based on the approval granted in accordance with the Company's internal approval rules in the preceding paragraph.

IV. Appraisal report for real property, equipment, or right-of-use assets thereof

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:

(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

(II) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to 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:

1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

(VI) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 9: Procedures for acquisition or disposal of securities

I. Assessment and operating procedures

The Company's acquisition or disposal of securities shall be processed in accordance with the related procedures in the investment cycle procedures in the Company's internal control system.

II. Procedures for determining transaction terms and the limit of the authorized amount

When the Company acquires or disposes of securities investments, the unit responsible for implementation shall determine the acquisition or disposal based on market information. If no market information is available for reference, it shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. Where the investment in individual securities not traded on a securities exchange or over-the-counter venue exceeds NT$100 million, or where the investment in individual securities traded on a securities exchange or over-the-counter venue exceeds NT$200 million, the approval of the Audit Committee must be obtained in accordance with related regulations and the transaction shall be submitted to the Board of Directors for resolution and passage before implementation. Where the investment in individual securities not traded on a securities exchange or over-the-counter venue is less than NT$100 million (inclusive), or where the investment in individual securities traded on a securities exchange or over-the-counter venue is less than NT$200 million (inclusive), the Board of Directors shall authorize the Chairman to resolve the matter.

III. Unit responsible for implementation

The Company's investment of securities shall be implemented by the Finance

Department based on the approval granted in accordance with the Company's internal approval rules in the preceding paragraph.

IV. Obtain expert opinion

(I) If the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

(II) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

(III) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, 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 10: Procedures for processing related party transactions

I. When the Company engages in any acquisition or disposal of assets from or to a related party, it shall ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the procedures for the acquisition or disposal of real property, equipment, and right-of-use assets in Article 8, procedures for acquisition or disposal of securities in Article 9, and procedures for the acquisition or disposal of intangible assets, right-of-use assets thereof, and memberships in Article 11. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the regulations for the acquisition or disposal of assets. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship must also be considered.

II. Assessment and operating procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use 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 Audit Committee and passed by the Board of Directors.

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

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

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

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

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

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

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

The calculation of the transaction amounts in the preceding paragraph shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors 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 its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may delegate the 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:

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

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

Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 1, the Board of Directors shall take into full consideration each Independent Director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

III. Appraisal of the reasonableness of the transaction price

(I) When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(II) 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.

(III) When the Company acquires real property or right-of-use assets thereof from a related party, it shall appraise the cost of the real property or right-of-use assets thereof in accordance Paragraph 3, Subparagraph (1) and Subparagraph (2), and engage a CPA to verify and provide an opinion on the appraisal.

(IV) When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property in accordance with Paragraph 3, Subparagraph (1) and Subparagraph (2) of this Article, and the results are uniformly lower than the transaction price, the matter shall be processed in accordance with the regulations in 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:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
   (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed as the average gross operating profit margin of the related party's construction division over the most recent three 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.
   (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquires real property or obtains real property right-of-use assets through leasing from a related party and 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 described above 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.

(V) Where the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost in accordance with Paragraph 3, Subparagraph (1) and Subparagraph (4) of this Article, and the results are uniformly lower than the transaction price, the following steps shall be taken. In addition, where the Company has set aside a special reserve in accordance with the rules described above, the Company may not utilize such special reserve unless it has recognized a loss on decline in market value of the real property it purchased or leased at a premium, such real property has been disposed of, the leasing contract has been terminated, adequate compensation has been made, the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.

1. The Company shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Act against the difference between transaction price and appraised cost of the real property or right-of-use assets thereof, and the special reserve may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
2. The Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to Paragraph 3, Subparagraph (5), Item 1 and Item 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.

(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall only be required to meet the requirements in Paragraph 1 and 2 of this Article regarding appraisal and operating procedures and the regulations on the reasonableness of the transaction cost provided in Paragraph 3, Subparagraph (1), (2), and (3) of this Article do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint

development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

4. The acquisition of real property right-of-use assets for business purposes is between the Company from its subsidiary, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital.

(VII) The rules specified in Paragraph 3, Subparagraph (5) of this Article shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires real property or right-of-use assets thereof from a related party.

Article 11: Procedures for the acquisition or disposal of intangible assets, right-of-use assets thereof, and memberships

I. Assessment and operating procedures

When the Company acquires or disposes of intangible assets, right-of-use assets thereof, or memberships, it shall account for possible future benefits and fair market value of such assets. Where necessary, the Company may consult the opinions of experts and negotiate with transaction counterparties.

II. Procedures for determining transaction terms and the limit of the authorized amount

(I) The Company shall reference the fair market prices, final terms, and prices for the acquisition or disposal of memberships and produce an analysis report to be submitted to the Chairman. If the transaction amount is less than 1 percent of the paid-in capital or NT$3 million (inclusive), the amount shall require the approval of the Chairman; if the amount exceeds 1 percent of the paid-in capital or NT$3 million, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation.

(II) The Company shall reference expert opinions or fair market prices, final terms, and prices for the acquisition or disposal of intangible assets and right-of-use assets thereof and produce an analysis report to be submitted to the Chairman. If the transaction amount is less than 10 percent of the paid-in capital or NT$20 million (inclusive), the amount shall require the approval of the Chairman; if the transaction amount exceeds NT$20 million, the approval of the Audit Committee must be obtained in accordance with related regulations and the acquisition or disposal shall be submitted to the Board of Directors for resolution and passage before implementation.

III. Unit responsible for implementation

The Company's acquisition or disposal of memberships, intangible assets, or right-of-use assets thereof shall be implemented by the usage department and the Finance Department or related authorized units based on the approval granted in accordance with the Company's internal approval rules in the preceding paragraph.

IV. Expert assessment report on intangible assets or right-to-use assets thereof or memberships

(I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1 percent or more of paid-in capital or NT$3 million or more, the Company shall engage an expert to provide an appraisal report.

(II) Where the Company's acquisition or disposal of an intangible asset or right-of-use assets thereof reaches 10 percent or more of the Company's paid-in capital or NT$20 million, the Company shall engage an expert to provide an appraisal report.

(III) If the dollar amount of the Company's acquisition or disposal of intangible assets, right-of-use assets, or memberships is 20 percent of the Company's paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, 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. The CPA shall render an opinion in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

(IV) The calculation of the transaction amounts shall be done in accordance with Article 15, Paragraph 1, Subparagraph 7, 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 12: Procedures for Acquisition or Disposal of Claims of Financial Institutions

As a principle, the Company does not engage in transactions involving the acquisition or disposal of claims of financial institutions. If transactions involving the acquisition or disposal of claims of financial institutions are proposed in the future, they shall be submitted to the Board of Directors for approval before the assessment and operating procedures may be established.

Article 13: Procedures for the Acquisition or Disposal of Derivatives

I. Trading principles and strategies

(I) Transaction categories

1. The Company's derivative transactions can be classified based on the nature of such transactions into two categories, namely, "non-

transaction driven" (hedging transactions conducted not for transaction purposes) and "transaction driven" (non-hedging transactions conducted for transaction purposes).

2. The Company's transactions in derivatives refer to transaction contracts whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options contracts, futures contracts, and swap contracts, and hybrid contracts combining the above contracts).
3. Transactions in bond deposits shall also be governed by these Procedures. Trading of bonds under repurchase agreements may be exempted from requirements in these Procedures.

(II) Operating or hedging strategies

1. The Company shall engage in derivative transactions with the purpose of hedging risks. Trading commodities shall be chosen primarily to hedge risks arising from the Company's business operations.
2. The transaction counterparties of the Company's derivative transactions shall be selected based on the Company's business requirements. The Company shall select financial institutions that offer better terms to avoid credit risks.

(III) Roles and responsibilities

1. Finance Dept.

(1) Trading personnel

A. The trading personnel shall be responsible for formulating strategies for the financial transactions of the entire Company.

B. The trading personnel shall evaluate derivative transactions conducted for hedging purposes at least twice every month, and evaluate derivative transactions conducted for transaction purposes at least once every week. They shall obtain approval in accordance with the internal approval rules and the approval shall be used as the basis for transactions.

C. The trading personnel shall process transactions in accordance with the scope of authorization and established strategies.

D. Where trading personnel determine that established strategies are no longer suitable due to material changes in the financial market, they may file evaluation reports and reformulate the strategy at any time. After such strategies are approved by the Chairman, they shall be adopted as the basis for transactions.

(2) Accounting personnel

A. Execute transaction confirmation.

B. Review whether transactions are executed in accordance with the scope of authorization and established strategies.

C. Processing accounting procedures.

(3) Settlement personnel: Execute settlement tasks.

2. Approval authority for derivatives

(1) Approval authority for transactions conducted for hedging purposes

Level	Amount of Individual Contract	Cumulative Net Position
Chairman	USD 10 million (inclusive) or below	USD 40 million (inclusive) or below
Board of Director.	More than USD 10 million	More than USD 40 million

(2) Approval authority for transactions conducted for transaction purposes

Level	Amount of Individual Contract	Cumulative Net Position
Chairman	USD 1 million (inclusive) or below	USD 5 million (inclusive) or below
Board of Director.	More than USD 1 million	More than USD 5 million

3. Audit Department

The Audit Department be responsible for understanding the adequacy of the internal controls and the trading department's compliance with operating procedures. It shall also analyze transaction cycles and prepare an audit report. If any material discrepancy is discovered, it shall report to the Board of Directors.

(IV) Performance evaluation

1. Derivatives for hedging purposes

(1) The exchange rate cost in the accounts of the Company and the profits and losses derived from derivative financial transactions shall be adopted as the basis for performance evaluation.

(2) The Company has adopted a monthly settlement valuation method to fully monitor and express the valuation risks in

transactions.

(3) The Finance Department shall provide appraisals of foreign exchange positions and foreign exchange market trends and market analyses to the Chairman as reference for management and instructions.

2. Derivatives for transaction purposes

The basis for performance evaluation shall be the actual profits and losses incurred. Accounting personnel are required to regularly prepare statements and provide them to the management as reference.

(V) Establishment of the total contract price and upper limit on losses

1. Total contract value

The total contract value of the Company's derivative transactions for "hedging purposes" may not exceed the net foreign currency positions of the Company; the total contract value of the Company's derivative transactions for "transaction purposes" may not exceed 20 percent of the Company's net worth in the latest financial statements.

2. Establishment of the upper limit on losses

(1) After the derivative transaction positions for hedging purposes are established, the Company shall set stop-loss points to prevent excess losses. The stop-loss point for individual contracts shall be limited to 15 percent of the transaction contract value and total losses from contracts shall not exceed 15 percent of the total transaction amount. If the loss exceeds the upper limit, it must be immediately reported to the President and the Chairman, and reported to the Board of Directors to facilitate discussions on necessary response measures.

(2) After the derivative transaction positions for transaction purposes are established, the Company shall set stop-loss points to prevent excess losses. The stop-loss point for individual contracts shall be limited to 10 percent of the transaction contract value and total losses from contracts shall not exceed 10 percent of the total transaction amount. If the loss exceeds the upper limit, it must be immediately reported to the President and the Chairman, and reported to the Board of Directors to facilitate discussions on necessary response measures.

II. Risk management measures

(I) Credit risk management:

As changes in market factors may result in operational risks of derivatives, market risk management shall be implemented in accordance with the following principles:

1. Transaction counterparties: Transaction counterparties shall consist mainly of reputable domestic and foreign financial institutions. The Company shall adjust the maximum transaction limits with financial institutions whenever necessary based on market changes.
2. Traded products: Traded products shall be limited to products provided by reputable domestic and foreign financial institutions.

(II) Market price risk management:

The Company shall select markets with fully disclosed quotation information.

(III) Liquidity risk management:

To ensure market liquidity, the Company shall prioritize financial products with higher liquidity. The financial institution appointed to conduct the transaction must have sufficient information and the capability to conduct transactions in any market at any time.

(IV) Cash flow risk management

To ensure the stability of the Company's operating capital, the Company's source of funds for derivative transactions shall be restricted to the Company's own funds and the funding used in operations shall be determined by fund requirements for the estimated cash income and expenditures for the next three months.

(V) Operational risk management

1. Trading personnel shall strictly adhere to the authorized limit and operating procedures established by the Company to reduce operational risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as transaction verification and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department other than that of the personnel described above and they shall report to the Board of Directors or senior management personnel with no responsibility for decision-making on trading or positions.

(VI) Product risk management

Internal trading personnel are required to have comprehensive and correct expert knowledge on financial products and request banks to fully disclose risks to prevent the risks generated by financial products.

(VII) Legal risk management:

Documents signed with financial institutions must be reviewed by dedicated personnel responsible for foreign exchange, legal affairs, or legal counsel before they can be signed to prevent legal risks.

III. Internal audit system

(I) The Company’s internal audit personnel shall periodically evaluate the appropriateness of internal controls of derivatives, conduct a monthly audit on the compliance status of the trading department in derivative transactions, and prepare an audit report. If any material violation is discovered, the internal audit personnel shall notify the Audit Committee in writing.

(II) Internal audit personnel shall submit the audit report along with the annual audit of the internal audit operations to the designated website of the FSC for regulatory announcement and filing before the end of February of the following year. It shall also announce the improvements made for the reported irregularities to the website designated by the FSC before the end of May of the following year.

IV. Periodic assessment methods and processing irregularities

(I) The Board of Directors shall authorize senior management personnel to conduct periodic supervision and evaluate whether derivative transactions comply with the transaction procedures established by the Company and whether the risks borne by the Company are within the accepted range. If there are irregularities in the market price evaluation report, the senior management shall implement response measures and immediately report to the Board of Directors.

(II) The Company shall assess its derivative trading positions at least once a week. Hedging transactions conducted to meet business requirements shall be assessed at least twice a month. Assessment reports shall be presented to the senior management personnel authorized by the Board of Directors.

V. Principles for the supervision and management of derivative transactions by the Board of Directors

(I) The Board of Directors shall assign senior management personnel for the supervision and management of risks in derivative transactions at all times. The management principles are as follows:

1. The senior management shall periodically evaluate whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Procedures.
2. The senior management shall monitor trading activities as well as gains and losses. If anomalies are found, they shall take necessary response measures and immediately report to the Board of Directors. Where the Company has appointed Independent Directors, they must attend meetings of the Board of Directors and express opinions.

(II) The Board of Directors shall periodically assess whether the performance of derivative transactions meet established management strategies and whether the risks borne by the Company are within the range accepted by the Company.

(III) Derivatives transactions that are carried out by personnel who have been authorized under the Company's derivatives procedures must be reported at the next Board of Directors meeting.

VI. The Company shall establish a log book for its derivative transactions for audit purposes, which shall contain details about the type and amount of the derivative transactions and the date resolved by the Board of Directors. The log book shall also include the "other items to be evaluated" prescribed in Paragraph 4, Subparagraph (2), Paragraph 5, Subparagraph (1) and Subparagraph (2) of this Article.

Article 14: Procedures for mergers, demergers, acquisitions, and transfer of shares

I. Assessment and operating procedures

(I) The Company is advised to appoint an attorney, CPA, or securities underwriter to formulate the schedule for legal procedures in mergers, demergers, acquisitions, or transfer of shares and form a dedicated team to implement the procedures in accordance with regulatory requirements. Prior to convening the Board of Directors meeting to resolve the matter, the Company shall engage a CPA, attorney, or securities underwriter to render 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 a public 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.

(II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Paragraph 1, Subparagraph (1) of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other matters to be noted

(I) Date of the meeting of the Board of Directors: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. 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.
2. 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.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days 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 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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of specified above.

(II) Advance confidentiality commitment: 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.

(III) Principles for the establishment and changes of the share exchange ratio or acquisition price: When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. 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.
2. An action, such as a disposal of major assets, that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(IV) Required contract provisions: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. 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.

3. 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.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

(V) An increase or decrease in the number of companies participating in the merger, demerger, acquisition, or transfer of shares: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

(VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is not a publicly listed company, the Company shall sign an agreement with such company and the procedures shall be carried out in accordance with Paragraph 2, Subparagraph (1) of this Article regarding the date of the Board of Directors meeting, Subparagraph (2) regarding the advanced confidentiality commitment, and Subparagraph (5) regarding changes in the number of companies participating in the merger, demerger, acquisition, or share transfer.

Article 15: Public announcement and regulatory filing procedures

I. Public announcement items and regulatory filing standards

(I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(II) Merger, demerger, acquisition, or transfer of shares.

(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

(IV) Where acquired or disposed assets are equipment or right-of-use assets thereof for business use, and the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

1. For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.
2. For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.

(V) 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;

(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:

1. Trading of domestic government bonds.
2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(VII) The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of

the same type of underlying asset with the same transaction counterparty within one year.

3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within one year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

   The term "within one year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with regulations need not be counted toward the transaction amount.

II. Deadlines for public announcement and regulatory filing

Where the Company's acquisition or disposal of assets are those that require public announcements in accordance with Paragraph 1 of this Article and the transaction amount meets the requirements for public announcement and regulatory filing, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event.

III. Th 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.

IV. 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.

V. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports, and opinions of the certified public accountant, attorney, and securities underwriter at the Company headquarters, where they shall be retained for five years, except where another act provides otherwise.

VI. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Financial Supervisory Commission within two days commencing immediately 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.

VII. Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. With regard to the threshold for announcement or reporting by subsidiaries in the preceding paragraph, the ratios of the paid-in capital or total assets requirement refers to the Company's paid-in capital or total assets.

Article 16: Control procedures for the acquisition and disposal of assets by subsidiaries:

I. The Company shall ensure that subsidiaries establish the "Procedures for Acquisition or Disposal of Assets" in accordance with related regulations in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

II. When a subsidiary acquires or disposes an asset, it shall report to the Company before the occurrence of the event in accordance with the "Procedures for Acquisition or Disposal of Assets" it established. The Company's Finance Department shall evaluate the feasibility, necessity, and reasonableness of the acquisition or disposal of the assets, follow up on the implementation status, and conduct the analysis and review.

III. The internal audit personnel of the parent company shall periodically audit the subsidiaries' compliance with the "Procedures for Acquisition or Disposal of Assets" and prepare an audit report. After findings and recommendations in the audit report are filed, the Company shall notify the inspected subsidiary to follow up, make improvements, and formulate follow-up reports to ensure that they have adopted appropriate improvement measures in a timely manner.

Article 17: Penalties

Where the Company's personnel violate the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the FSC or these Procedures in the acquisition or disposal of assets, such violation shall be reported and included in their performance evaluation and they shall be penalized based on the severity of the violation in accordance with the Company's human resource management regulations.

Article 18: Miscellaneous

Matters not set forth in these Procedures shall be processed in accordance with applicable laws and regulations.

Article 19: Implementation and amendment

The Company's "Procedures for Acquisition or Disposal of Assets" must be approved by more than half of all members of the Audit Committee and passed by the Board of Directors before it is submitted to the shareholders' meeting for approval; the same applies to all subsequent amendments.

If the approval of more than half of all members of the Audit Committee is not obtained as stipulated in the preceding paragraph, the Procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

When the Company's "Procedures for Acquisition or Disposal of Assets" is reported to the Board of Directors for discussion, it shall take into full consideration each Independent Director's opinions, and include their objections or opinions in the meeting minutes.

Appendix IV

FSP Technology Inc.

Shareholding of Directors of the Company

Baseline date: April 11, 2022

Title	Name	Current Shareholding		
		Type	Shares	%
Chairman	Cheng, Ya-Jen	Common stock	12,167,477	6.50%
Vice Chairman	Wang, Tsung-Shun	Common stock	11,605,794	6.20%
Directors	Yang, Fu-An	Common stock	11,792,834	6.30%
Directors	2K Industries Inc. (BVI) Representative: Wang, Po-Wen	Common stock	5,193,162	2.77%
Directors	Huang, Chih-Wen	—	—	—
Directors	Datazone Limited Representative: Chu, Hsiu-Ying	Common stock	390,839	0.21%
Directors	Chen, Kuang-Chun	Common stock	2,989,913	1.60%
Independent Director	Liu, Shou-Hsiang	—	—	—
Independent Director	Cheng, Chia-Chun	—	—	—
Independent Director	Hsu, Cheng-Hung	—	—	—
Total		—	44,140,019	23.58%

Total outstanding shares as of April 11, 2022: 187,261,950 shares.
Minimum required shareholding by the Directors of the Company in accordance with the law: 11,235,717 shares. As of April 11, 2022, the Directors held: 44,140,019 shares (shares held by Independent Directors are not included in the aforementioned total)