

# Formosa Optical Technology Co., Ltd.

## 2021 Regular Shareholders' Meeting

### Meeting Handbook

Time: 9:00 AM, June 23, 2021

Site: 17/F, No. 97, Section 1, Xintai 5th Road, Xizhi District, New Taipei City

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# **Formosa Optical Technology Co., Ltd.**

## **Agenda of 2021 Regular Shareholders' Meeting**

Time: 9:00 AM, June 23, 2021 (Wednesday)

Site: 17/F, No. 97, Section 1, Xintai 5th Road, Xizhi District, New Taipei City

- I. Opening Address
- II. Chairperson's Remarks
- III. Reports
  - (I) Report the business status in 2020.
  - (II) Supervisors review the Report on the 2020 Final Statement.
  - (III) Report the distribution of remunerations for employees and those for directors and supervisors in 2020.
  - (IV) Other report matters.
- IV. Ratifications
  - (I) Ratify the proposal on the 2020 Final Statement.
  - (II) Ratify the proposal on the earning distribution for 2020.
  - (III) Ratify the proposal on amending the “Transaction Procedures for Related Parties” of the Company.
- V. Discussions
  - (I) Discuss the proposal on amending the “Rules of Procedure of the Board of Shareholders” of the Company.
  - (II) Discuss the proposal on amending the “Articles of Incorporation” of the Company.
  - (III) Discuss the proposal on amending the "Procedures for the Acquisition or Disposal of Assets" of the Company.
  - (IV) Discuss the proposal on amending the “Procedures for Election of Directors and Supervisors” of the Company.
  - (V) Discuss the proposal on abolishing the "Rules on the Scope of Functions of Supervisors" of the Company
- VI. Election
  - (I) General re-election of the board of directors.
- VII. Other Proposals
  - (I) The proposal on lifting the non-competition restriction of newly elected directors.
- VIII. Incidental Motions
- IX. Adjournment

## Reports

### Item No. 1

Brief: Business report of the Company in 2020.

Description: Business Report for 2020, please refer to Page 8 to Page 9 of Annex I hereof.

### Item No. 2

Brief: Supervisors review the Report on the 2020 Final Statements.

Description: Supervisors' Review Report, please refer to Page 10 to Page 12 of Annex II hereof.

### Item No. 3

Brief: Report on the distribution of remunerations for employees, directors and supervisors of the Company in 2020.

Description: The Company's net profit before tax in 2020 was NT \$384,705,650, 2.5% of which were allocated for provision of remunerations for employees of the Company, i.e., NT \$9,617,641, 1% for the Company's directors and supervisors, i.e., NT \$3,847,057. The above remunerations are all paid in cash, and the Chairman is fully authorized to deal with the related operations.

Item No. 4: Other report matters: None.

## **Ratifications**

Item No. 1 (proposed by the board of directors)

**Brief:** The Company's final statements of 2020 are submitted for ratification.

**Description:** The Company's 2020 final statements, including business report, individual financial report and consolidated financial statements, which have been approved by the board of directors and submitted to the supervisors for review. For the above statements, please refer to pages 8 to 9 of Annex I and pages 13 to 34 of Annex III hereof.

It is hereby submitted for ratification.

**Resolution:**

Item No. 2 (proposed by the board of directors)

**Brief:** The Company's earning distribution plan for 2020 is submitted for ratification.

**Description:**

1. The Company's earning distribution plan for 2020 is prepared, please refer to page 35 of Annex IV hereof.
2. The proposed cash dividend will be allocated at NT\$4 per share, or NT\$4,000 per thousand shares.
3. The cash dividend is calculated up to NT\$1, and the difference less than NT\$1 shall be allocated by the specific person designated by the Chairman.
4. In the event of subsequent changes in the share capital of the Company, causing the dividend distribution affects the number of shares outstanding and resulting in any change in the dividend distribution ratio, it is proposed to request the general meeting of shareholders to authorize the Chairman to act in full discretion in accordance with the Company Act or the relevant regulations.
5. The Chairman is authorized to set another reference date for dividend distribution after the resolution is passed on the regular meeting of shareholders.

It is hereby submitted for ratification.

**Resolution:**

Item No. 3 (proposed by the board of directors)

**Brief:** The proposal on amending the "Transaction Procedures for Related Parties" of the Company is submitted for ratification.

Description: To amend the provisions to adapt to the actual needs of the Company, please refer to page 36 of Annex V hereof for the comparison table of the amended provisions of the “Transaction Procedures for Related Parties”.

It is hereby submitted for ratification.

Resolution:

## **Discussions**

Item No. 1 (proposed by the board of directors)

**Brief:** Discuss the proposal on amending the “Rules of Procedure of the Board of Shareholders” of the Company, which is hereby submitted for resolution.

**Description:** To amend the provisions to adapt to the requirements of the competent authority. Please refer to pages 40 to 41 of Annex VI hereof for the comparison table of the amended provisions of the “Rules of Procedures of Shareholders' Meeting”, which is hereby submitted for resolution.

**Resolution:**

Item No. 2 (proposed by the board of directors)

**Brief:** Discuss the proposal on amending the “Articles of Incorporation” of the Company, which is hereby submitted for resolution.

**Description:** To amend some provisions of the Articles of Incorporation of the Company to adapt to the requirements of the competent authority. Please refer to pages 42 to 46 of Annex VII hereof for the comparison table of the amended provisions of the “Articles of Incorporation”, which is hereby submitted for resolution.

**Resolution:**

Item No. 3 (proposed by the board of directors)

**Brief:** Discuss the proposal on amending the "Procedures for the Acquisition or Disposal of Assets" of the Company, which is hereby submitted for resolution.

**Description:** To amend the provisions to adapt to the actual needs of the Company. Please refer to pages 47 to 62 of Annex VIII hereof for the comparison table of the amended provisions of the “Procedures for the Acquisition or Disposal of Assets”, which is hereby submitted for resolution.

**Resolution:**

Item No. 4 (proposed by the board of directors)

**Brief:** Discuss the proposal on amending the “Procedures for Election of Directors and Supervisors” of the Company, which is hereby submitted for resolution.

Description: To amend some provisions of the “Procedures for Election of Directors and Supervisors” of the Company to adapt to the requirements of the competent authority. Please refer to pages 63 to 66 of Annex IX hereof for the comparison table of the amended provisions, which is hereby submitted for resolution.

Resolution:

Item No. 5 (proposed by the board of directors)

Brief: Discuss the proposal on abolishing the "Rules on the Scope of Functions of Supervisors" of the Company, which is hereby submitted for resolution.

Description: Due to the establishment of the Audit Committee and adaption to the amendment of the law, the Company intends to repeal the “Rules on the Scope of Functions of Supervisors”. Please refer to page 67 of Annex X hereof for the "Rules on the Scope of Functions of Supervisors" of the Company, which is hereby submitted for ratification.

Resolution:



## **Election Matters**

Item No. 1 (proposed by the board of directors)

Brief: General re-elections of the board of directors.

Description: I. The term of office of the current directors and supervisors of the Company will expire on June 24, 2021, and the Company plans to re-elect all shareholders at this regular meeting of shareholders.

II. This regular meeting of shareholders reelected 11 directors (including 4 independent directors) in accordance with the Articles of Incorporation of the Company.

III. The term of office of the newly appointed directors shall be 3 years, starting from the end of the regular meeting of shareholders on June 23, 2021 and ending on June 22, 2024. The term of office of the original directors and supervisors shall expire when the directors elected by the regular meeting of shareholders take office.

IV. For the candidate list of directors (including independent directors) of the Company, please refer to page 68 of Annex XI hereof.

Election results:

## **Other Matters**

Item No. 1 (proposed by the board of directors)

**Brief:** The proposal on lifting the non-competition restriction of newly elected directors, which is hereby submitted for resolution.

**Description:** 1. A director of the Company proposes to request the shareholders' meeting to lift the non-competition restrictions for newly elected directors according to Article 209 of the Company Act for itself or others does the same for the act within the business scope of the Company without prejudice to the interests of the Company.

2. The Company appoints directors by nominating. After a director candidate is elected at a general meeting of shareholders, the general meeting of shareholders will be requested to lift his/her non-competition restrictions. Please refer to page 71 of Annex XII hereof for details.

**Resolution:**

## **Motions**

## **Adjournment**

Formosa Optical Technology Co., Ltd.  
Business Report

**I. Implementation Results of Business Plan:**

Unit: NT\$ thousands

Type of Product	Sales			Sales Revenue		
	2019	2020	Increase (Decrease) %	2019	2020	Increase (Decrease) %
Glasses	6,884,971	6,568,994	-4.59%	3,216,310	3,062,038	-4.80%

In 2020, continued to increase the number of outlets, increasing the total number of outlets of the Group by 6 to a total of 320.

Due to the weakening of retail consumption in Taiwan caused by the COVID-19 epidemic, the sales volume decreased by 4.59% compared with the previous year and the overall operating income decreased by 4.80% compared with the previous year.

**II. Status of execution:**

Unit: NT\$ thousands

Year	2020		
Item	Budgeted amount	Actual amount	Achievement Rate
Sales Revenue	3,447,015	3,062,038	88.83%
Operating costs	1,449,844	1,227,938	84.69%
Gross Profit	1,997,172	1,834,100	91.83%
Operating Expenses	1,796,450	1,708,051	95.08%
Net operating income	200,722	126,049	62.80%
Non-operating revenue	242,290	267,347	110.34%
Non-operating expenses	15,375	20,831	135.49%
Profit before income tax	427,637	372,565	87.12%
Income tax expense	80,426	67,353	83.75%
Profit for the year	347,210	305,212	87.90%

In the first half of 2020, the COVID-19 epidemic caused a sharp freeze in global economic activity; various countries released a large amount of liquidity to prevent business failures and defaults leading to a new financial crisis. Under the unprecedented fiscal and monetary stimulus, the global economy has been steadily recovering in the second half of 2020. Easy money conditions have also driven up financial asset prices, but the impact of the epidemic on restaurants, tourism and retail outlets continues to be significant as the

epidemic has reduced the number of people traveling to spend money.

In 2020, the operating power of the glasses retail industry was affected by the decrease in the number of people going out to consume due to the epidemic. The Company's revenue attainment rate was 88.83%, the operating cost attainment rate was 84.69%, and the cost rate dropped from 41.72% in 2019 to 40.10%; The attainment rate of operating margin reached 91.83% when the revenue failed to meet the expectation; The operating expense attainment rate was 95.08%.

Under the influence of the foregoing reasons, the operating settlement generated a net profit of NT\$126,049 thousand, with an attainment rate of 62.80%; Non-operating incomes achieved an attainment rate of 110.34% mainly due to the increase of revenue from investment disposal and department subsidies; Non-operating expenses achieved an attainment rate of 135.49% due to the increase of interest expense. In summary, the operating results for the year 2020 generated a profit of NT\$305,212 thousand, achieving 87.90% of the budgeted net profit target, despite a slight decline in the business.

### **III. Financial balance and profitability analysis**

The operating income in 2020 was NT\$3,062,038 thousand, a decrease of NT\$154,272 thousand or 4.80% from NT\$3,216,310 thousand in 2019. The net cash inflow from operating activities in 2020 was NT\$642,357 thousand, an increase of NT\$18,166 thousand from NT\$642,191 thousand in 2019.

The net profit before tax in 2020 was NT\$372,565 thousand, a decrease of NT\$69,628 thousand from NT\$442,193 thousand in 2019, mainly due to the decline in the business performance this year compared to last year. The net profit for the year of 2020 was NT\$305,212 thousand, a decrease of NT\$71,700 thousand and 19.02% from NT\$376,912 thousand yuan in 2019. The return on equity declined from 15.32% in 2019 to 11.87%. The surplus per share decreased from NT\$6.31 in 2019 to NT\$5.13 in 2020. Compared with 2019, the business results showed a decline, mainly due to the impact of the COVID-19 epidemic on the operation of the industry.

Chairman:

Managerial officer:

Financial officer:

Formosa Optical Technology Co., Ltd.  
Report on Examination of the 2020 Final Statements.

Whereas

The board of directors has produced the final statements for 2020, including the business report, financial statements, earning distribution statement and so on, as well as the financial reports such as the consolidated balance sheet, composite income statement, equity change statement, and cash flow statement for the year 2020, which have been supervised by the supervisors to be free of discrepancy, and thus are submitted in accordance with Article 219 of the Company Act for review.

To

Regular meeting of shareholders of the Company in 2021

Supervisor: Formosa Electronics Co. Ltd

Representative: Tzu-Chiang Chueh

March 24, 2021

Formosa Optical Technology Co., Ltd.  
Report on Examination of the 2020 Final Statements.

Whereas

The board of directors has produced the final statements for 2020, including the business report, financial statements, earning distribution statement and so on, as well as the financial reports such as the consolidated balance sheet, composite income statement, equity change statement, and cash flow statement for the year 2020, which have been supervised by the supervisors to be free of discrepancy, and thus are submitted in accordance with Article 219 of the Company Act for review.

To

Regular meeting of shareholders of the Company in 2021

Supervisor: Chih-Wei Investment Co., Ltd  
Representative: Chih-Wei Chang

March 24, 2021

Formosa Optical Technology Co., Ltd.  
Report on Examination of the 2020 Final Statements.

Whereas

The board of directors has produced the final statements for 2020, including the business report, financial statements, earning distribution statement and so on, as well as the financial reports such as the consolidated balance sheet, composite income statement, equity change statement, and cash flow statement for the year 2020, which have been supervised by the supervisors to be free of discrepancy, and thus are submitted in accordance with Article 219 of the Company Act for review.

To

Regular meeting of shareholders of the Company in 2021

Supervisor: Hsiu-Pi Yao

March 24, 2021

Formosa Optical Technology Co., Ltd.  
2020 Earning Distribution Statement

Unit: NT\$ thousands

Item		
Beginning undistributed earnings		\$ 778,659,944
Net profit after tax	\$ 308,320,815	
Remeasurement of defined benefit plans recognized in retained earnings	1,896,542	
Disposition of equipment instrument investment measured based on fair value through other comprehensive income, directly transfer accumulated profit and loss to retained earnings.	16,124,319	
Current year's undistributed earnings after adding items other than current profit after tax to current net profit after tax		326,341,676
Provision for legal reserve (10%)		(32,634,168)
Provision for special reserve in accordance with the law		(12,096,859)
Distributable earnings for the period		1,060,270,593
Distribution Item		
Cash dividend (NT\$ 4 per share)	(\$ 240,239,592)	( 240,239,592)
Undistributed earnings at the end of the period		\$ 820,031,001
Remarks:		
1. Priority will be given to the allocation of earnings for the year 2020.		

Chairman:

Managerial officer:

Financial officer:



**Formosa Optical Technology Co., Ltd.**  
**Transaction Procedures for Related Parties**

**Amendment Comparison Table**

Amended Provision	Current Provision	Description
<p>1. Purpose</p> <p>In order to reasonably control the handling of transactions between the Company and its related parties to ensure the safety of the Company's assets, these Operating Procedures are formulated in accordance with the relevant regulations promulgated by the Financial Supervisory Commission (FSC).</p>	<p>I. In order to reasonably control the handling of transactions between the Company and its related parties to ensure the safety of the Company's assets, these Operating Procedures are formulated in accordance with the relevant regulations promulgated by the Securities and Futures Bureau, Financial Supervisory Commission (FSC), Executive Yuan.</p>	<p>1. Added the setting purpose of these Measures for clarity.</p> <p>2. Made text corrections.</p>
<p>2. Scope:</p> <p>The internal control operations of the Company's related party transactions shall be subject to these Measures. Those not stipulated herein shall be subject to the "Standards for Disposing of Assets Acquired or Disposed of by Public Companies" and related laws and regulations promulgated by the FSC.</p>		<p>1. Added the implementation scope of these Measures for clarity.</p>
<p>3. Responsible units:</p> <p>3.1 Accounting Office: Responsible for the formulation and compiling of these Operating Procedures.</p> <p>3.2 Responsible business department: responsible for the implementation of the matters stipulated herein.</p>		<p>1. New provisions.</p>
<p>4. Definitions:</p> <p>4.1 Related parties:</p> <p>4.1.1 If one party (including an organization and a person) has the ability to control the other party or has a significant influence on the operation and financial policy of the other party, it/he/she shall be regarded as the related party of the Company; businesses controlled by the same person or business shall be mutually regarded as related parties of each other. While making judgment concerning related parties, in addition to paying attention to its legal form, it is also necessary to consider the substantive relationship for judgment.</p> <p>4.1.2 Anyone who has one of the following circumstances shall be of course regarded as a related party of the Company:</p> <p>4.1.2.1 Companies invested by the</p>	<p>II. For the purposes of these Procedures, the term "Related Party" refers to that, if one party (including an organization and a person) has the ability to control the other party or has a significant influence on the operation and financial policy of the other party, it/he/she shall be regarded as the related party of the Company; businesses controlled by the same person or business shall be mutually regarded as related parties of each other.</p> <p>While making judgment concerning related parties, in addition to paying attention to its legal form, it is also necessary to consider the substantive relationship for judgment.</p> <p>III. Anyone who has one of the following circumstances shall be of course regarded as a related party of the Company:</p>	<p>1. Changed the Articles number.</p>

<p>Company and evaluated using the equity method.</p> <p>4.1.2.2 Investors evaluating the Company's investment using the equity method.</p> <p>4.1.2.3 The Chairman or General Manager of the Company is the same person as, or the spouse of or has a second degree of kinship with the Chairman or General Manager of another company.</p> <p>4.1.2.4 Consortium legal persons which received donations from the Company amounting to more than one-third of the total paid-in fund.</p> <p>4.1.2.5 Directors, General Manager, Deputy General Managers, Assistant Managers and department heads directly under the leadership of the General Manager of the Company.</p> <p>4.1.2.6 The spouse of the director or General Manager of the Company.</p> <p>4.1.2.7 Relatives within the second degree of kinship with the Company's Chairman or General Manager.</p> <p>4.1.2.8 Affiliates and their directors, supervisors and managerial officers referred to in Chapter 6 of the Company Act.</p> <p>4.1.2.9 A company or organization and its directors, supervisors and managers that are under the jurisdiction of the same General Management Office as the Company.</p> <p>4.1.2.10 Personnel above the manager of the General Management Office.</p> <p>4.1.2.11 Companies or institutions listed as related enterprises in the information released or published by the Company.</p> <p>4.1.3 If one of the circumstances in Article 4.1.2 is found, but it can be proved that it does not have control ability or significant influence, it shall not be subject to this limitation.</p>	<p>(I) Companies invested by the Company and evaluated using the equity method.</p> <p>(II) Investors evaluating the Company's investment using the equity method.</p> <p>(III) The Chairman or General Manager of the Company is the same person as, or the spouse of or has a second degree of kinship with the Chairman or General Manager of another company.</p> <p>(IV) Consortium legal persons which received donations from the Company amounting to more than one-third of the total paid-in fund.</p> <p>(V) Directors, General Manager, Deputy General Managers, Assistant Managers and department heads directly under the leadership of the General Manager of the Company.</p> <p>(VI) Spouse of the director, supervisor or General Manager of the Company.</p> <p>(VII) Relatives within the second degree of kinship with the Company's Chairman or General Manager.</p> <p>(VIII) Affiliates and their directors, supervisors and managerial officers referred to in Chapter 6 of the Company Act.</p> <p>(IX) A company or organization and its directors, supervisors and managers that are under the jurisdiction of the same General Management Office as the Company.</p> <p>(X) Personnel above the manager of the General Management Office.</p> <p>(XI) Companies or institutions listed as related enterprises in the information released or published by the Company.</p> <p>If one of the aforesaid circumstances is found, but it can be proved that it does not have control ability or significant influence, it shall not be subject to this limitation.</p>	<p>2. In response to the establishment of the Audit Committee of the Company, the word "supervisors" is deleted.</p> <p>3. Made text corrections.</p>
<p>4.2 Related party transaction means the transfer of resources or obligations between the related parties, with or without consideration.</p>	<p>IV. Related party transaction means the transfer of resources or obligations between the related parties, with or without consideration.</p>	<p>1. Changed the Articles number.</p>

<p>5. Job content: 5.1. Trading principles:</p>		<p>1. Newly added clause stratum for clarity.</p>
<p>5.1.1 Where the Company sells products, labor services, technology, etc. to related parties, or purchases goods from related parties, each responsible business department shall handle it after approval by the responsible manager.</p> <p>5.1.2 All asset or equity transactions between the Company and its related parties shall be processed in accordance with the “Standards for Disposing of Assets Acquired or Disposed of by Public Companies” and the Company’s “Procedures for Acquiring and Disposing of Assets”, and shall be processed after approval by the responsible manager.</p> <p>5.1.3 Capital loans or endorsement guarantees with related parties should be carefully evaluated, in line with the “Standards for Disposing of Capital Lending and Endorsement of Public Companies”, and the “Operating Procedures for Lending Funds to Others” and the “Operating Procedures for Endorsement” set by the Company.</p> <p>5.1.4 The price, conditions and processing procedures of the contract signed by both transaction parties shall not be obviously unequal or unreasonable. The execution of the aforesaid contract shall be subject to the relevant internal control system.</p>		<p>1. Added new provisions, incorporated part of Article 6 of the original measures, and made text amendments as appropriate for clarity.</p>
<p>5.2 Transaction verification: 5.2.1 In order to facilitate the handling of transactions with related parties of the Company, except for those whose content and conditions are inconsistent with the execution of general transactions, within the following quota, it is authorized to determine in accordance with the Company’s “Determination Authority Division Table”:</p> <p>5.2.1.1 The purchase amount from related parties shall not exceed 30% of the Company’s total purchase amount.</p> <p>5.2.1.2 The amount of sales to related parties shall not exceed 30% of the Company’s total sales.</p> <p>5.2.2 The period of receipt and payment of each receivable and payable within the limit of the preceding article shall not exceed half a year.</p>	<p>V. In order to facilitate the General Manager to handle transactions with related parties of the Company, except for those whose content and conditions are inconsistent with the execution of general transactions, within the following quota, the General Manager is authorized to determine:</p> <p>(I) The purchase amount from related parties shall not exceed 30% of the Company’s total purchase amount.</p> <p>(II) The amount of sales to related parties shall not exceed 30% of the Company’s total sales.</p> <p>(III) The period of receipt and payment of each receivable and payable shall not exceed half a year.</p>	<p>1. Changed the Articles number.</p> <p>2. Made text corrections.</p> <p>3. Changed the Articles number.</p>

<p>5.2.3 For transactions between the Company and related parties, where the content and conditions of which are inconsistent with the execution of general transactions, and those exceeding the limit of Article 5.2.1, shall first be reported to the board of directors for approval. If necessary, the determination may be made in accordance with the Company's "Determination Authority Division Table", and be submitted to the board of directors after ratification afterwards.</p>	<p>VI. For transactions between the Company and related parties, where the content and conditions of which are inconsistent with the execution of general transactions, and those beyond the authority of General Manager specified in Article 5, shall first be reported to the Chairman for determination first, and then submitted to the board of directors for ratification. In the case of fund loans, endorsement and equity investment to related parties, the Company's relevant "Operating Procedures of Lending Funds to Others", "Endorsement Measures" and "Procedures for the Acquisition or Disposal of Assets" shall be followed.</p>	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> <li>2. Made text corrections.</li> <li>3. Part of the original provisions are incorporated into the provisions under Article 5.1.</li> </ol>
<p>5.2.4 With regard to the related transactions, the directors shall voluntarily withdraw in accordance with the "Rules of Procedure for Board Meetings of Public Companies", and shall not participate in the voting, nor shall they exercise the voting rights on behalf of other directors.</p>		<ol style="list-style-type: none"> <li>1. Added this article for clarity.</li> </ol>
<p>5.3 Information disclosure: 5.3.1 The Company shall, in accordance with the "Standards for Disposing of Assets Acquired or Disposed of by Public Companies" and "Standards for Disposing of Fund Lending and Endorsement of Public Companies", announce and declare related party transactions that have reached the prescribed scope; and in accordance with International Accounting Standards Bulletin No. 24, the "Standards for the Preparation of Financial Reports for Securities Issuers" and the "Standards for Recording Matters in the Annual Reports of Public Companies" fully disclose information about major transactions with related parties in financial reports and annual reports.</p>	<p>VII. If there is a major transaction between the Company and its related party, relevant information shall be disclosed in the notes to the financial report in accordance with the provisions of Financial Accounting Standards Bulletin No. 6.</p>	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> <li>2. Added the contents of the provisions that should be announced and filed for clarity.</li> <li>3. Made text corrections.</li> </ol>
<p>5.3.2 When the Company is required to prepare consolidated statements of parent and subsidiary companies in accordance with regulations, related party transactions that have been eliminated may not be disclosed.</p>	<p>VIII. When the Company is required to prepare consolidated statements of parent and subsidiary companies in accordance with regulations, related party transactions that have been eliminated may not be disclosed.</p>	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> </ol>
<p>5.4 When necessary, the audit unit may read and check the related party transaction data compiled and summarized by the Accounting Office at any time, and</p>	<p>IX. When necessary, the audit unit may read and check the related party transaction data compiled and summarized by the Finance Department at any time, and</p>	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> <li>2. Adjusted the unit name.</li> </ol>

<p>directly send a letter to each related party of transaction for inquiries. When the Audit Committee of the Company is performing its duties, if it finds that there is an abnormality in the transaction of the related party, it may request the board of directors to explain it, and report the result of its inspection to the shareholders meeting for processing.</p>	<p>directly send a letter to each transaction related party for inquiries. When the supervisors of the Company is performing its duties, if it finds that there is an abnormality in the transaction of the related party, it may request the board of directors to explain it, and report the result of its inspection to the shareholders meeting for processing.</p>	<p>3. In response to the establishment of the Audit Committee of the Company, the word “supervisors” is deleted.</p>
<p>6. These Operating Procedures will be implemented after approval by the board of directors, and the same applies when they are revised.</p>	<p>X. These Operating Procedures will be implemented after approval by the board of directors, and submitted to the shareholders' meeting for ratification, and the same applies when they are revised.</p>	<p>1. Changed the Articles number. 2. It is found that there is no legal basis that should be reported to the shareholders meeting, so this shall be deleted.</p>
<p>7. Related documents: 7.1 Procedures for the Acquisition or Disposal of Assets. 7.2 Operating Procedures of Lending Funds to Others 7.3 Operating Procedures of Endorsement</p>		<p>1. New provisions.</p>
<p>8. Implementation and revision history: 8.1 These Operating Procedures were approved by the board of directors on November 10, 1994, and started to be implemented on the date of approval. 8.2 The first revision was adopted by the board of directors on April 3, 2006. 8.3 The second revision was adopted by the board of directors on May 10, 2021.</p>	<p>XI. These Operating Procedures were adopted by the board of directors on November 10, 1994, and submitted to the interim meeting of shareholders for recognition on November 28, 1994. XII. These Operating Procedures were adopted by the board of directors on April 3, 2006.</p>	<p>1. Changed the Articles number. 2. Made text corrections. 3. Added the date of this revision.</p>

**Formosa Optical Technology Co., Ltd.**  
**Rules of Procedures for Shareholders' Meetings**  
**Amendment Comparison Table**

Amended Provision	Current Provision	Description
<p>5.1.2  This Corporation shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. 15 days before the date of the shareholders' meeting, the Company shall also prepare the meeting agenda and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p>	<p>5.1.2  The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. 15 days before the date of the shareholders' meeting, the Company shall also prepare the meeting agenda and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p>	<p>Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.</p>
<p>5.1.5  Election or dismissal of directors, changes in articles of incorporation, capital reduction, application for suspension of public offerings, directors' competition permission, capital increase with surplus, capital increase with reserve, company dissolution, merger, division, or the matters covered in item 1 of Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities Exchange Act, Article 56-1 and Article 60-2 of the Standards for Issuers to Place and Issue Marketable Securities shall be listed and the main content shall be specified in the brief parts, which shall not be proposed as incidental motions.</p>	<p>5.1.5  Elections or removal of directors, supervisors, changes of articles of incorporation, capital reduction, application for suspension of public offering, directors' competition permission, capital increase with surplus, capital increase with reserve, and dissolution, merger or division of the Company, or matters under the Company Act shall be listed and stated in the reasons for convening and shall not be put forward as interim motion; The main contents may be posted on the website designated by the securities authority or the Company, and its website shall be stated in the notice.</p>	<ol style="list-style-type: none"> <li>1. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.</li> <li>2. In accordance with the amendment and interpretation provisions of the Stock Exchange on June 3, 2020, the provisions of other laws and regulations that cannot be proposed by means of ad hoc motions other than the Company Act were</li> </ol>

		incorporated. 3. The method of announcement is adjusted in accordance with the provision.
5.1.6 The reasons for convening the shareholders' meeting have specified the general re-election of directors and the date of their appointment. After the completion of the re-election in the shareholders' meeting, the same meeting shall not change the date of appointment by extraordinary motion or other means.	5.1.6 Where the reasons to convene the shareholders' meeting has specified the re-election of Directors and Supervisors as well as the on-board dates, after the election in the shareholders' meeting, the on-board date cannot be changed via a special motion or other means in the same meeting.	Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.
5.1.7 Shareholders who hold more than 1% of the total number of outstanding shares may submit motions for the regular meeting of shareholders to the Company. However, only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when any of the circumstances provided in Article 172-1 paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. Only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal would not be included in the agenda.	5.1.7 Shareholders who hold more than 1% of the total number of outstanding shares may submit motions for the regular meeting of shareholders to the Company. However, only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when any of the circumstances provided in Article 172-1 paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. However, a shareholder proposal urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors.	In response to the amendment to Article 172, Item 5 of the Company Act, and J.S.Z. No. 10700105410 Letter, this article was amended.
5.3.3 The Company shall deliver the handbook, annual report, attendance card, speaker's slip, votes, and other meeting materials to each shareholder attending the shareholders' meeting; if there are directors to be elected, ballots shall also be provided.	5.3.3 The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.	Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.
5.4.3 The Chairman of the board of directors shall personally chair the shareholders' meeting convened by the board of directors, and more than half of the directors shall attend in person, and at least one representative of various functional committee members shall attend. The attendance shall be recorded in the meeting minutes.	5.4.3 It is advisable that shareholders meetings convened by the board of directors be chaired by the Chairman of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.	Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.

<p>5.5.2</p> <p>The Chairperson shall call the meeting to order at the time scheduled for the meeting, as well as announce information such as the number of shares with no voting right and shares present. However, if more than half of the shareholders of the total number of outstanding shares are not present, the Chairman may declare a postponement of the meeting. The postponement shall not exceed two times, and the total postponement shall not exceed one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>5.5.2</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>In order to improve corporate governance and safeguard the rights and interests of shareholders, Article 5.5.2 was amended.</p>
<p>5.9.1</p> <p>When there are directors to be elected in the Shareholders' Meeting, it shall be handled in accordance with the relevant election rules set by the Company. The election results shall be declared on the spot, including the list of elected directors and the numbers of elected votes they obtained, as well as the list of unelected directors and the number of votes they received.</p>	<p>5.9.1</p> <p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the list of elected directors and supervisors and the numbers of votes with which they were elected.</p>	<p>1. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.</p> <p>2. In order to improve corporate governance and safeguard the rights and interests of shareholders, Article 5.9.1 was amended.</p>
<p>5.10.3</p> <p>The minutes of the meeting shall be recorded in accordance with the year, month, day, venue, name of the chairman, resolution method, key points of the proceedings, and voting results (including statistical weights) of the meeting. When directors are elected, the votes of each candidate should be disclosed. The minutes shall be retained for the duration of the existence of the Company.</p>	<p>5.10.3</p> <p>The minutes of the meeting shall be recorded in accordance with the year, month, day, venue, name of the chairman, resolution method, key points of the proceedings, and voting results (including statistical weights) of the meeting. When directors or supervisors are elected, the votes of each candidate should be disclosed. The minutes shall be retained for the duration of the existence of the Company.</p>	<p>Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the provisions.</p>



## Formosa Optical Technology Co., Ltd.

## Comparison Table for Amendment of Articles of Incorporation

After Amendment	Before Amendment	Description
<p>Article 7: Shareholders shall report their real names and domiciles to the Company, and fill in the seal card and send it to the Company for future reference. If the seal is lost, the loss shall be reported to the Company in writing.</p> <p>The Company's stock affairs shall be handled in accordance with the Company Act, Regulations Governing the Administration of Shareholder Services of Public Companies, and other relevant laws and regulations.</p>	<p>Article 7: Shareholders shall report their real names and domiciles to the Company, and fill in the seal card and send it to the Company for future reference. If the seal is lost, a guarantor is required and the loss shall be reported to the Company in writing.</p> <p>The Company's stock affairs shall be handled in accordance with the Company Act, Regulations Governing the Administration of Shareholder Services of Public Companies, and other relevant laws and regulations.</p>	<p>I. Corrected text narration.</p>
<p>Chapter 4. Directors</p>	<p>Chapter 4. Directors and supervisors</p>	<p>I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.</p>
<p>Article 18: The Company shall have seven to eleven directors who shall be elected by the shareholders' meeting from the persons with disposing capacity, with a term of three years and may be eligible for re-</p>	<p>Article 18: The Company shall have seven to eleven directors and three supervisors who shall be elected by the shareholders' meeting from the persons with disposing capacity, with a term of</p>	<p>I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of</p>

<p>election. The total number of registered shares held by all directors in the preceding paragraph shall be subject to the provisions of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".</p>	<p>three years and may be eligible for re-election. The total registered shares owned by the directors and supervisors in the preceding paragraph shall be in accordance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".</p>	<p>Incorporation.</p>
<p>Article 18-1: Among the directors of the Company, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. Directors (including independent directors) shall be generated from candidate nomination system, and be elected from the list of director candidates by the shareholders' meeting. The board of directors shall be authorized to pay remunerations of directors at the usual level of the same trade. Professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other compliance matters of the Company's directors shall be handled in accordance with the relevant regulations of the competent securities authority.</p>	<p>Article 18-1: In accordance with Article 14-2 of the Securities and Exchange Act, the Company shall appoint at least 2 independent directors, and the number shall not be less than one-fifth of the total number of directors. Appointment of directors (include independent directors) and supervisors shall be based on nomination, and appointed from the director candidate list in the shareholders' meeting. The Board of Directors shall be authorized to set the remuneration of Directors and Supervisors according to industry standard. Professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other compliance matters of the Company's directors</p>	<p>I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.</p>

	shall be handled in accordance with the relevant regulations of the competent securities authority.	
Deleted	Article 18-3: In response to Article 14-4 of the Securities Exchange Act, the provisions of these Articles of Incorporation regarding the establishment of the Audit Committee shall start applying upon the expiration of the term of office of the directors and supervisors in 2018 and when the directors and supervisors are re-elected. From the date of establishment of the audit committee, relevant regulations with regards to supervisors in the Articles of Incorporation shall no longer be applicable.	I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and deleted the transition provisions.
Article 19: When the term of office of a director expires and no re-election is performed, the term of office shall be extended until the re-elected director takes the office.	Article 19: In case election of Directors and Supervisors cannot be completed before the expiration of the term of office, the term of office for the existing Directors and Supervisors shall be extended until the new Directors and Supervisors elect assume office.	I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.
Article 21: When the vacancy of directors reaches one-third, the board of directors shall convene an extraordinary meeting of shareholders within 60 days for by-election, and the term of office shall be limited to make up for the original term.	Article 21: In the case that the number of vacancies on the Board of Directors reaches one-third of the total number of Directors, or that all Supervisors are discharged, then the board of directors shall convene, within 60 days, a special shareholders' meeting to elect	I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.

	<p>succeeding Directors or Supervisors to fill such vacancies; the term of office of the newly elected member shall be the same as the remaining term of the predecessor.</p>	
<p>Article 22: A meeting of the board of directors shall be called and chaired by the Chairman. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the chair, the Chairman shall appoint one of the directors to act as chair, or, where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. In case of emergency, the Company may convene a board meeting at any time. The convening of the board meeting of the Company shall be notified to all directors in writing, e-mail or fax.</p>	<p>Article 22: A meeting of the board of directors shall be called and chaired by the Chairman. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the chair, the Chairman shall appoint one of the directors to act as chair, or, where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice of the board meeting shall be given to each director and supervisor by writing, email or fax.</p>	<p>I. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.</p>
<p>Deleted</p>	<p>Article 25: In addition to performing duties according to laws and regulations, supervisors may attend the meeting of the board of directors to express their opinions with no right to vote.</p>	<p>I. Set up an Audit Committee in accordance with the law, and abolished the supervisor system.</p>
<p>Article 25: Directors of the Company shall be entitled to remuneration for their duties regardless of profit or loss. The board of directors is authorized to determine the remuneration within the standards for maximum salaries established in the Company's Remuneration Policy based on the level of their participation in the Company's operations and</p>	<p>Article 26: Directors and Supervisors of the Company shall be entitled to remuneration for their duties regardless of profit or loss. The Board of Directors is authorized to determine the remuneration within the standards for maximum salaries established in the Company's Remuneration Policy</p>	<p>I. Changed the article number. II. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.</p>

<p>the value of their contribution. The Company's profit distribution shall be handled in accordance with Article 30. The board of directors shall be authorized to determine the amount of liability insurance to be purchased for all directors.</p>	<p>based on the level of their participation in the Company's operations and the value of their contribution. The Company's profit distribution shall be handled in accordance with Article 31. The Board of Directors shall be authorized to determine the amount of liability insurance to be purchased for all Directors and Supervisors.</p>	
<p>Article 26: The Company may have one General Manager and several Deputy General Managers and Assistant Managers, who shall be appointed and removed by the board of directors with the approval of more than half of all directors, but the appointment and removal of Deputy General Managers and Assistant Managers shall be nominated by the General Manager.</p>	<p>Article 27: The Company may have one General Manager and several Deputy General Managers and Assistant Managers, who shall be appointed and removed by the board of directors with the approval of more than half of all directors, but the appointment and removal of Deputy General Managers and Assistant Managers shall be nominated by the General Manager.</p>	<p>I. Changed the article number.</p>
<p>Article 27: The Company may employ consultants or key employees with the approval of the Board of Directors.</p>	<p>Article 28: The Company may employ consultants or key employees with the approval of the Board of Directors.</p>	<p>I. Changed the article number.</p>
<p>Deleted</p>	<p>Article 29: Appointment and discharge of the Company's other employees shall be by the general manager, and submitted to the board of directors for future reference.</p>	<p>I. This article is deleted in response to the appointment and removal process of the Company.</p>
<p>Article 28: Upon the close of each fiscal year, the board of directors shall prepare various reports and financial statements, submit them to the regular meeting of shareholders for ratification: I. Business Report II. Financial</p>	<p>Article 30: Upon the close of each fiscal year, the board of directors shall prepare various reports and financial statements, submit them to the supervisors for inspection 30 days prior to the shareholders'</p>	<p>I. Changed the article number. II. Set up an Audit Committee in accordance with the law, and abolished the supervisor</p>

<p>Statements. III. Proposal for Profit Distribution or Loss Appropriation.</p>	<p>meeting, and then to the shareholders' meeting for ratification: I. Business Report II. Financial Statements. III. Proposal for Profit Distribution or Loss Appropriation.</p>	<p>system.</p>
<p>Article 29: In case the Company makes profit during a financial year, no less than 1% of the said profit shall be set aside for employee compensation. The board of directors shall determine whether to issue the compensation in stocks or cash. Recipients of the said compensation shall include Company employees that satisfy specific criteria. The Company permits the board of directors to set aside no more than 3% of the sum of the aforementioned profit as director remuneration. The proposal of distributing employees' and Directors' remuneration shall be reported to the shareholders' meeting. However, in case of the accumulated losses, certain profits shall first be reserved to cover them, and then reserve remuneration to employees and directors in accordance with the proportion mentioned in the preceding paragraph.</p>	<p>Article 31: In case the Company makes profit during a financial year, no less than 1% of the said profit shall be set aside for employee compensation. The board of directors shall determine whether to issue the compensation in stocks or cash. Recipients of the said compensation shall include Company employees that satisfy specific criteria. The Company permits the board of directors to set aside no more than 3% of the sum of the aforementioned profit as director and supervisor compensation. Proposals for the distribution of employees' compensation as well as directors and supervisors' compensation shall be submitted to the shareholders' meeting and presented accordingly. However, the Company's accumulated losses shall have been covered before setting aside an amount as employees' compensation and directors and supervisors remuneration according to the ratio in the preceding paragraph.</p>	<p>I. Changed the article number. II. Set up an Audit Committee in accordance with the law, abolished the supervisor system, and adjusted the wording of the Articles of Incorporation.</p>
<p>Article 30: For surplus after the close of the fiscal year, the Company shall, in accordance with the law, set aside 10% as legal reserve after its taxes have</p>	<p>Article 31-1: For surplus after the close of the fiscal year, the Company shall, in accordance with the law, set aside 10% as legal reserve after its</p>	<p>I. Changed the article number.</p>

<p>been paid and losses covered. However, when the legal reserve amounts to the Company's paid-in capital, this shall not apply, and the rest may be appropriated or reversed to special reserve according to the laws and regulations. The Board of Directors shall prepare a profit distribution proposal for any remainder, together with the undistributed earnings, and submit to the shareholders' meeting for resolution of distribution of dividends and bonuses.</p> <p>When making provisions for special surplus reserves according to laws, regarding the shortage of provisions under the “Net Increase in the Fair Value of Investment Real Estate Accumulated in Early Stage” and the “Net Decrease of Other Interests Accumulated in Early Stage”, prior to the distribution of earnings, a special surplus reserve with the same amount shall be set aside from the undistributed earnings before; if there is still any shortage, it shall be set aside from the undistributed earnings of the current period by adding items other than the current net profit after tax to the current net</p>	<p>taxes have been paid and losses covered. However, when the legal reserve amounts to the Company's paid-in capital, this shall not apply, and the rest may be appropriated or reversed to special reserve according to the laws and regulations. The Board of Directors shall prepare a profit distribution proposal for any remainder, together with the undistributed earnings, and submit to the shareholders' meeting for resolution of dividends and bonuses.</p> <p>The Company's dividend policy is in line with current and future development plans, and takes into consideration investment environment, capital requirements, domestic and overseas competition, and shareholders interest. Not less than 20% of distributable earning may be distributed as dividend and bonus per year. However, there shall be no distribution if the distributable earning</p>	<p>II. The provisions on the provision of special surplus reserves of the Company are stipulated in accordance with the order on the provision of special surplus reserves issued by the FSC on March 31, 2021.</p>
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<p>profit after tax. The Company's dividend policy is in line with current and future development plans, and takes into consideration investment environment, capital requirements, domestic and overseas competition, and shareholders interest. Not less than 20% of distributable earning may be distributed as dividend and bonus per year. However, there shall be no distribution if the distributable earning is less than 70% of paid-up capital. Dividends and bonuses may be distributed in cash or stock, where cash dividend shall not be less than 10% of the total dividends.</p>	<p>is less than 70% of paid-up capital. Dividends and bonuses may be distributed in cash or stock, where cash dividend shall not be less than 10% of the total dividends.</p>	
<p>Article 31: The Company's organizational rules and administrative regulations shall be prescribed by the Board of Directors.</p>	<p>Article 32: The Company's organizational rules and administrative regulations shall be prescribed by the Board of Directors.</p>	<p>I. Changed the article number.</p>
<p>Article 32: Matters not covered in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and other relevant laws and regulations.</p>	<p>Article 33: Matters not covered in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and other relevant laws and regulations.</p>	<p>I. Changed the article number.</p>
<p>Article 33: The Articles of Incorporation, and any amendments hereto, shall be implemented after adoption by shareholders meetings and approval from the administration.</p>	<p>Article 34: The Articles of Incorporation, and any amendments hereto, shall be implemented after adoption by shareholders meetings and approval from the administration.</p>	<p>I. Changed the article number.</p>
<p>Article 34: These Articles of Incorporation were formulated on October 19, 1989. The 1st amendment was made on June 9, 1990. The 26th amendment was made on June 22, 2015. The 27th amendment was</p>	<p>Article 35: These Articles of Incorporation were formulated on October 19, 1989. The 1st amendment was made on June 9, 1990. The 26th amendment was made on June 22, 2015.</p>	<p>I. Changed the article number. II. Added the date of correction.</p>



<p>made on June 22, 2016. The 28th amendment was made on June 24, 2020. The 29th amendment was made on June 23, 2021.</p>	<p>The 27th amendment was made on June 22, 2016. The 28th amendment was made on June 24, 2020.</p>	
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Formosa Optical Technology Co., Ltd.  
 Procedures for Acquisition or Disposal of Assets  
 Amendment Comparison Table

Amended Provision	Current Provision	Description
Procedures for the Acquisition or Disposal of Assets of Formosa Optical Technology Co., Ltd. and Its Subsidiaries	Procedures for the Acquisition or Disposal of Assets of Formosa Optical Technology Co., Ltd.	1. Included subsidiaries into the specification.
<p>I. Purpose</p> <p>These Procedures are formulated to safeguard assets and ensure information openness.</p> <p>The acquisition or disposal of assets by the Company and its subsidiaries shall be subject to the provisions of the Operating Procedures.</p>	<p>I. Purpose</p> <p>These Procedures are formulated to safeguard assets and ensure information openness.</p> <p>The acquisition or disposal of assets by the Company shall be subject to the provisions of the Processing Procedures.</p>	1. Included subsidiaries into the specification.
<p>V. The valuation report or the opinions of accountants, lawyers or securities underwriter obtained by the Company and its subsidiaries, the professional appraiser and its appraising personnel, accountants, lawyers or securities underwriters shall comply with the following requirements: (Omitted)</p>	<p>V. The valuation report or the opinions of accountants, lawyers or securities underwriter obtained by the Company, the professional appraiser and its appraising personnel, accountants, lawyers or securities underwriters shall comply with the following requirements: (Omitted)</p>	1. Included subsidiaries into the specification.
<p>VI. Where the acquisition or disposal of assets by the Company shall be approved by the Board of Directors in accordance with the provisions of these procedures or other laws, and there is a director expressing an objection and having a record or written statement, the Company shall also send the objection of the director to the Audit Committee. When the Company submits the asset acquisition or disposal transaction to the Board of</p>	<p>VI. Where the acquisition or disposal of assets by the Company shall be approved by the Board of Directors in accordance with the provisions of these procedures or other laws, and there is a director expressing an objection and having a record or written statement, the Company shall also send the objection of the director to each supervisors. When the Company has established independent directors</p>	<p>1. In response to the establishment of the Audit Committee of the Company, the text narration was adjusted.</p> <p>2. Made text corrections.</p>

<p>Directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting. Major asset or derivative commodity transactions that need to be approved by the Board of Directors shall be approved by more than half of all members of the Audit Committee, submitted to the Board of Directors for resolution, and shall be subject to paragraphs 3 and 4 of Article 20 of these Processing Procedures.</p>	<p>and submits the asset acquisition or disposal transaction to the Board of Directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting.</p> <p>After the Company has established an Audit Committee, major interest rate asset or derivative commodity transactions that need to be approved by the Board of Directors shall be approved by more than half of all members of the Audit Committee, and be submitted to the Board of Directors for resolution.</p> <p>If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit Committee shall be stated in the minutes of the board meeting.</p> <p>All members of the Audit Committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be calculated based on actual persons in office.</p>	<p>3. In response to the establishment of the Audit Committee of the Company, the text narration was adjusted.</p> <p>4. Simplified the repetitive content of the Processing Procedures.</p>
<p>VIII. Evaluation and operating procedures for obtaining or disposing of marketable securities</p>	<p>VIII. Evaluation and operating procedures for obtaining or disposing of marketable securities</p>	

<p>(Omitted)</p> <p>(III) Authorization quota and level</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of marketable securities that have been traded in a centralized trading market or a securities firm's business premises, except for monetary market funds, whose transaction amount is less than NT\$120 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; if the transaction amount exceeds NT\$120 million, it must be approved by the Board of Directors.</li> <li>2. Acquisition or disposal of marketable securities that are not traded in the centralized exchange market or the business premises of securities firms must be approved by the Board of Directors, but the Board of Directors may authorize the Chairman to make a decision within NT\$100 million, and then report to the Board of Directors for ratification afterwards.</li> </ol> <p>(IV) Execution unit</p> <p>For the acquisition and</p>	<p>(Omitted)</p> <p>(III) Authorization quota and level</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of marketable securities that have been traded in a centralized trading market or a securities firm's business premises, whose transaction amount is less than NT\$80 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; if the transaction amount exceeds NT\$80 million, it must be approved by the Board of Directors.</li> <li>2. Acquisition or disposal of marketable securities that are not traded in the centralized exchange market or the business premises of securities firms must be approved by the Board of Directors, but the Board of Directors may authorize the Chairman to make a decision within NT\$50 million, and then report to the Board of Directors for ratification afterwards.</li> </ol> <p>(IV) Execution unit</p> <p>For the acquisition and</p>	<ol style="list-style-type: none"> <li>1. Because monetary market funds have relatively low risks, they were excluded.</li> <li>2. In order to increase the flexibility of capital use, adjusted the authorized quota.</li> <li>3. In order to increase the flexibility of capital use, adjusted the authorized quota.</li> <li>4. Included subsidiaries into the specification.</li> <li>5. Included subsidiaries into the specification.</li> <li>6. Included</li> </ol>
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<p>disposal of long-term and short-term securities investments by the Company and its subsidiaries, the execution unit shall be the financial department.</p> <p>(V) Transaction process The transaction process for the acquisition or disposal of marketable securities by the Company and its subsidiaries shall be subject to the internal control system of the Company and its subsidiaries - investment cycle related operation regulations.</p>	<p>disposal of long-term and short-term securities investments by the Company, the execution unit shall be the financial department.</p> <p>(V) Transaction process The transaction process for the acquisition or disposal of marketable securities by the Company shall be subject to the internal control system of the Company - investment cycle related operation regulations.</p>	<p>subsidiaries into the specification.</p>
<p>IX. Evaluation and operating procedures for acquiring or disposing of real properties, equipment or right-of-use assets</p> <p>(Omitted)</p> <p>(III) Authorization quota and level Acquisition or disposal of real properties, equipment or right-of-use assets, whose transaction amount is less than NT\$80 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; if the transaction amount exceeds NT\$80 million, it must be approved by the Board of Directors.</p> <p>(IV) Execution unit</p>	<p>IX. Evaluation and operating procedures for acquiring or disposing of real properties, equipment or right-of-use assets</p> <p>(Omitted)</p> <p>(III) Authorization quota and level Acquisition or disposal of real properties, equipment or right-of-use assets, whose transaction amount is less than NT\$50 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; if the transaction amount exceeds NT\$50 million, it must be approved by the Board of Directors.</p> <p>(IV) Execution unit</p>	<p>1. In order to increase the flexibility of capital use, adjusted the authorized quota.</p> <p>2. In order to increase the flexibility of capital use, adjusted the authorized quota.</p> <p>3. Included subsidiaries into the specification.</p>

<p>The execution units responsible for the acquisition and disposal of real properties, equipment or right-of-use assets of the Company and its subsidiaries shall be the usage units and related responsible units.</p> <p>(V) Transaction process The transaction process for the acquisition or disposal of real properties, equipment or right-of-use assets by the Company and its subsidiaries shall be subject to the internal control system of the Company and its subsidiaries - fixed asset cycle related operation regulations.</p>	<p>The Company's execution units responsible for the acquisition and disposal of real property, equipment or right-of-use assets are the usage units and related authorized units.</p> <p>(V) Transaction process The transaction process for the acquisition or disposal of real properties, equipment or right-of-use assets by the Company shall be subject to the internal control system of the Company - fixed asset cycle related operation regulations.</p>	<p>4. Included subsidiaries into the specification.</p> <p>5. Included subsidiaries into the specification.</p>
<p>X. Procedures for evaluating and operating related party transactions For acquisition or disposal of assets, the Company and its subsidiaries as well as its related parties shall, in addition to following the provisions of the preceding article, handle the relevant resolution procedures and evaluate the reasonableness of transaction conditions in accordance with the following provisions. Where the transaction amount exceeds 10% of the Company's total assets, a valuation report or accountant's opinion issued by a professional appraiser shall also be obtained in accordance with the provisions of the preceding article. In addition, when judging whether the transaction object is a related</p>	<p>X. Procedures for evaluating and operating related party transactions For acquisition or disposal of assets, the Company and its related parties shall, in addition to following the provisions of the preceding article, handle the relevant resolution procedures and evaluate the reasonableness of transaction conditions in accordance with the following provisions. Where the transaction amount exceeds 10% of the Company's total assets, a valuation report or accountant's opinion issued by a professional appraiser shall also be obtained in accordance with the provisions of the preceding article. In addition, when judging whether the transaction object is a related party, in addition to paying</p>	<p>1. Included subsidiaries into the specification.</p>

<p>party, in addition to paying attention to its legal form, the substantive relationship shall also be considered.</p> <p>(Omitted)</p> <p>(I) For acquiring or disposing of real property or its right-to-use assets from a related party, or acquiring or disposing of assets other than real property with related parties, whose transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, in addition to buying and selling domestic government bonds, bonds subject to repurchase or sell-back conditions, and subscribing or repurchasing monetary market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Audit Committee and the Board of Directors for approval before signing the transaction contract and paying the amount:</p> <p>(Omitted)</p> <p>7. Restrictions on this transaction and other important agreements. The calculation of the</p>	<p>attention to its legal form, the substantive relationship shall also be considered.</p> <p>(Omitted)</p> <p>(I) For acquiring or disposing of real property or its right-to-use assets from a related party, or acquiring or disposing of assets other than real property with related parties, whose transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, in addition to buying and selling domestic government bonds, bonds subject to repurchase or sell-back conditions, and subscribing or repurchasing monetary market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Board of Directors for approval and to the supervisors for ratification before signing the transaction contract and paying the amount:</p> <p>(Omitted)</p> <p>7. Restrictions on this transaction and other important agreements. The calculation of the</p>	<p>2. In response to the establishment of the Audit Committee of the Company, the text narration was adjusted.</p> <p>3. In response to the establishment of the Audit Committee of the Company, the execution procedures were adjusted.</p>
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<p>transaction amount of this paragraph shall be subject to the first paragraph of Article 16, and the said one-year period is based on the day when the transaction facts occurred, and one year has been retrospectively calculated to avoid the part that have been submitted to and agreed by the Audit Committee according to these procedures and adopted by the Board of Directors to be counted in again.</p> <p>When the Company and its subsidiaries, or its subsidiaries that it directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions, the Board of Directors may authorize the Chairman to make decisions in advance within a certain amount in accordance with Article 9, Item 1, paragraph 3, and then report it to the most recent board meeting for ratification afterwards:</p> <ol style="list-style-type: none"> <li>1. acquisition or disposal of equipment or right-of-use assets for business use.</li> <li>2. acquisition or disposal of real property for business use.</li> </ol> <p>Before the Company</p>	<p>transaction amount of this paragraph shall be subject to the first paragraph of Article 16, and the said one-year period is based on the day when the transaction facts occurred, and one year has been retrospectively calculated to avoid the part that have been submitted to and adopted by the Board of Directors and to the supervisors for ratification according to these procedures to be counted in again.</p> <p>When the Company and its subsidiaries, or its subsidiaries that it directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions, the Board of Directors may authorize the Chairman to make decisions in advance within a certain amount in accordance with Article 9, Item 1, paragraph 3, and then report it to the most recent board meeting for ratification afterwards:</p> <ol style="list-style-type: none"> <li>1. acquisition or disposal of equipment or right-of-use assets for business use.</li> <li>2. acquisition or disposal of real property for business use.</li> </ol> <p>When the Company has</p>	<ol style="list-style-type: none"> <li>4. In response to the establishment of the Audit Committee of the Company, the text narration was adjusted.</li> <li>5. In response to the establishment of the Audit Committee of the Company, the text narration and execution procedures were adjusted.</li> <li>6. Simplified the repetitive content of the Processing Procedures.</li> </ol>
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<p>submits it to the Board of Directors for discussion in accordance with the preceding paragraph, it shall first obtain the approval of more than half of all members of the Audit Committee and submit it to the Board of Directors for resolution according to items III and IV of Article 20 hereof. The Board of Directors shall take full account of the opinions of the independent directors during the discussion. Any objection or qualified opinions of the independent directors shall be stated in the minutes of the board meeting.</p>	<p>established independent directors and reports to the Board of Directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting.</p> <p>If the Company has established an Audit Committee, matters subject to recognition by the supervisors in accordance with the Item 1 shall first be agreed by more than half of all the members of the Audit Committee, and be submitted to the Board of Directors for resolution. If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit Committee shall be stated in the minutes of the board meeting.</p> <p>All members of the Audit Committee referred to in the preceding paragraph and all directors referred</p>	<p>7. In response to the establishment of the Audit Committee of the Company, the text narration was adjusted.</p> <p>8. Included subsidiaries into the specification.</p>
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<p>(Omitted)</p> <p>(V) When acquiring real property or its right-to-use asset from a related party, if the evaluation result according to the aforementioned second and third paragraphs is lower than the transaction price, the following matters shall be handled:</p> <ol style="list-style-type: none"> <li>1. Concerning the difference between the transaction price of real property or its right-to-use assets and the evaluation cost, a provision of special surplus reserve shall be made in accordance with Article 41, Item 1 of the Securities Exchange Act, and shall not be distributed or transferred for capital increase and share allotment. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 41, Item 1 of the Securities and Exchange Act.</li> </ol>	<p>to in the preceding paragraph shall be calculated based on actual persons in office.</p> <p>(Omitted)</p> <p>(IV) When acquiring real property or its right-to-use asset from a related party, if the evaluation result according to the aforementioned second and third paragraphs is lower than the transaction price, the following matters shall be handled:</p> <ol style="list-style-type: none"> <li>1. Concerning the difference between the transaction price of real property or its right-to-use assets and the evaluation cost, a provision of special surplus reserve shall be made in accordance with Article 41, Item 1 of the Securities Exchange Act, and shall not be distributed or transferred for capital increase and share allotment. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 41, Item 1 of the Securities and Exchange</li> </ol>	
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<p>2. The Audit Committee shall be subject to Article 218 of the Company Act.</p> <p>(Omitted)</p> <p>(V) If the Company and its subsidiaries acquire real property or its right-to-use assets from related parties, where there is other evidence showing that the transaction is not in accordance with business practices, it shall also be subject to the provisions of paragraph 4.</p>	<p>Act.</p> <p>2. The supervisors shall be subject to Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>(Omitted)</p> <p>(V) If the Company acquires real property or its right-of-use assets from related parties, where there is other evidence showing that the transaction is not in accordance with business practices, it shall also be subject to the provisions of paragraph 4.</p>	
<p>XI. Evaluation and operating procedures for acquiring or disposing of intangible assets or their right-of-use assets</p> <p>(Omitted)</p> <p>(IV) Execution unit The execution units of the Company and its subsidiaries regarding the acquisition and disposal of intangible assets or their right-of-use assets or membership certificates are the financial department,</p>	<p>XI. Evaluation and operating procedures for acquiring or disposing of intangible assets or their right-of-use assets</p> <p>(Omitted)</p> <p>(IV) Execution unit The execution units of the Company regarding the acquisition and disposal of intangible assets or their right-of-use assets or membership certificates are the financial</p>	<p>1. Included subsidiaries into the specification.</p>

<p>management unit and relevant responsible units.</p> <p>(V) Transaction process The transaction process for the acquisition or disposal of intangible assets or their right-of-use assets or membership certificates by the Company and its subsidiaries shall be subject to the internal control system of the Company and its subsidiaries - purchase cycle related operation regulations.</p>	<p>department, management unit and relevant responsible units.</p> <p>(V) Transaction process The transaction process for the acquisition or disposal of intangible assets or their right-of-use assets or membership certificates by the Company shall be subject to the internal control system of the Company - purchase cycle related operation regulations.</p>	<p>2. Included subsidiaries into the specification.</p>
<p>XIII. Evaluation and operating procedures for obtaining or disposing of creditor's rights of financial institutions. In principle, the Company and its subsidiaries do not engage in the acquisition or disposal of creditor's rights of financial institutions. If they intend to engage in the acquisition or disposal of creditor's rights of financial institutions in the future, they will report to the Board of Directors for approval before formulating relevant evaluation and operating procedures.</p>	<p>XIII. Evaluation and operating procedures for obtaining or disposing of creditor's rights of financial institutions. In principle, the Company does not engage in the acquisition or disposal of creditor's rights of financial institutions. If it intends to engage in the acquisition or disposal of creditor's rights of financial institutions in the future, it will report to the Board of Directors for approval before formulating relevant evaluation and operating procedures.</p>	<p>1. Included subsidiaries into the specification.</p>
<p>XIV. Evaluation and operating procedures for obtaining or disposing of derivative commodities (I) Transaction principles and policies 1. Types of transactions The nature of derivatives transactions engaged in</p>	<p>XIV. Evaluation and operating procedures for obtaining or disposing of derivative commodities (I) Transaction principles and policies 1. Types of transactions The nature of the Company's derivatives</p>	<p>1. Included subsidiaries into the specification.</p>

<p>by the Company and its subsidiaries is divided into two categories: "Non-trading" (hedging transactions that are not for trading purposes) and "trading" (non-hedging transactions that are not for trading purposes). The Company and its subsidiaries may engage in the type of derivative commodities, and at present, the main focus should be on avoiding the risks of exchange rate and interest rate arising from the business operations of the Company and its subsidiaries.</p>	<p>transactions is divided into two categories: "Non-trading" (hedging transactions that are not for trading purposes) and "trading" (non-hedging transactions that are not for trading purposes). The types of derivative commodities that the Company may engage in mainly focus on avoiding the risk positions of exchange rate and interest rate arising from the business operations of the Company and its subsidiaries.</p>	<p>2. Included subsidiaries into the specification.</p>
<p>2. Operation or hedging strategy The Company and its subsidiaries shall engage in derivative commodity trading for the purpose of avoiding risks, and the trading commodities shall be chosen primarily to avoid the risks arising from the business operations of the Company and its subsidiaries. If the Company and its subsidiaries engage in derivative commodity trading, the trading parties shall, according to the operational needs of</p>	<p>2. Operation or hedging strategy The Company engages in derivatives transactions with the purpose of hedging risks. Trading commodities are chosen primarily to hedge risks arising from the Company's business operations. The Company's trading partners engaged in derivative commodity transactions should choose financial institutions with better conditions to engage in hedging transactions in</p>	<p>3. Included subsidiaries into the specification.</p>

<p>the Company and its subsidiaries, choose financial institutions with better conditions to engage in hedging trading so as to avoid credit risks.</p> <p>3. Division of responsibilities When the Company and its subsidiaries are engaged in derivative commodity transaction, the responsibilities of each unit are divided as follows:</p> <p>(1) Purchasing unit: Responsible for the formulation of operational strategies related to commodity futures trading, and conducting various transactions in accordance with the authorized permission.</p> <p>(2) Financial department: Responsible for the formulation of operational strategies for derivative commodities other than commodity futures, and conducting various transactions in accordance with the authorized permission.</p> <p>(3) Accounting unit:</p>	<p>accordance with the company's operational needs to avoid credit risk.</p> <p>3. Division of responsibilities When the Company is engaged in derivative commodity transaction, the responsibilities of each unit are divided as follows:</p> <p>(1) Purchasing unit: Responsible for the formulation of operational strategies related to commodity futures trading, and conducting various transactions in accordance with the authorized permission.</p> <p>(2) Financial department: Responsible for the formulation of operational strategies for derivative commodities other than commodity futures, and conducting various transactions in accordance with the authorized permission.</p> <p>(3) Accounting unit:</p>	<p>4. Included subsidiaries into the specification.</p> <p>5. Included subsidiaries into the specification.</p> <p>6. Included subsidiaries into the specification.</p>
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<p>Responsible for the accounting treatment of derivative commodity trading, the preparation of accounting statements, and the summary of periodic data.</p> <p>(4) Auditing unit: Understand the appropriateness of internal control such as the division of responsibilities and operating procedures, and checking the compliance of the transaction unit with these Processing Procedures.</p> <p>If the Company and its subsidiaries are engaged in derivative commodity transactions for “non-trading” purposes, they shall conduct transactions in accordance with the following authorized permission:</p> <p>(Omitted)</p> <p>If the Company and its subsidiaries are engaged in derivative commodity transactions for “trading” purposes, they shall conduct such transaction in accordance with the</p>	<p>Responsible for the accounting treatment of derivative commodity trading, the preparation of accounting statements, and the summary of periodic data.</p> <p>(4) Auditing unit: Understand the appropriateness of internal control such as the division of responsibilities and operating procedures, and checking the compliance of the transaction unit with these Processing Procedures.</p> <p>If the Company is engaged in derivative commodity transactions for “non-trading” purposes, it shall conduct transactions in accordance with the following authorized permission:</p> <p>(Omitted)</p> <p>If the Company is engaged in derivative commodity transactions for “trading” purposes, it shall conduct such transaction in accordance with the</p>	<p>7. Included subsidiaries into the specification.</p> <p>8. Included subsidiaries into the specification.</p>
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<p>following authorized permission:</p> <p>(Omitted)</p> <p>5. Total amount of contract The total amount of contracts for derivative commodity transactions that the Company and its subsidiaries engage in is as follows:</p> <p>(1) Total amount of non-trading transaction contracts</p> <p style="padding-left: 40px;">I. Two-thirds of the estimated risk position from the operation for the whole year.</p> <p style="padding-left: 40px;">II. Two-thirds of the estimated capital expenditure position.</p> <p style="padding-left: 40px;">III. Two-thirds of other estimated income or expenditure positions.</p> <p>(2) Total amount of trading transaction contracts</p> <p style="padding-left: 40px;">Up to 20% of the net worth of the Company and its subsidiaries.</p> <p>6. Loss ceiling (1) For "non-trading"</p>	<p>following authorized permission:</p> <p>(Omitted)</p> <p>5. Total amount of contract When the Company is engaged in derivative commodity transaction, the total contract limits are as follows:</p> <p>(1) Total amount of non-trading transaction contracts</p> <p style="padding-left: 40px;">I. Two-thirds of the estimated risk position from the operation for the whole year.</p> <p style="padding-left: 40px;">II. Two-thirds of the estimated capital expenditure position.</p> <p style="padding-left: 40px;">III. Two-thirds of other estimated income or expenditure positions.</p> <p>(2) Total amount of trading transaction contracts</p> <p style="padding-left: 40px;">Up to 20% of the net worth of the Company.</p> <p>6. Loss ceiling (1) For "non-trading"</p>	<p>9. Included subsidiaries into the specification.</p> <p>10. Included subsidiaries into the specification.</p> <p>12. In response to the establishment of the Audit Committee of the Company, the text narration was adjusted.</p>
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<p>and "trading" derivative commodity transaction contracts, after the position is established, a stop-loss point shall be established to prevent excessive losses, and the stop-loss point shall not exceed 3% of the value of the trading contract; If the amount of loss exceeds 3% of the transaction value, it shall be immediately reported to the Chairman and to the Board of Directors to discuss the necessary countermeasures.</p> <p>(2) For the operation of derivative commodities of the Company and its subsidiaries, the upper limit for annual loss is US\$500,000.</p> <p>(II) Risk management measures</p> <p>1. Risk management scope</p> <p>(Omitted)</p> <p>(4) Cash flow risk management - In order to ensure the stability of the Company's working capital turnover, the source of funds for the Company and its subsidiaries to engage in derivative commodity transactions is limited to its</p>	<p>and "trading" derivative commodity transaction contracts, after the position is established, a stop-loss point shall be established to prevent excessive losses, and the stop-loss point shall not exceed 3% of the value of the trading contract; If the amount of loss exceeds 3% of the transaction value, it shall be immediately reported to the Chairman and to the Board of Directors to discuss the necessary countermeasures.</p> <p>(2) For the operation of derivative commodities of the Company, the upper limit for annual loss is US\$500,000.</p> <p>(II) Risk management measures</p> <p>1. Risk management scope</p> <p>(Omitted)</p> <p>(4) Cash flow risk management - In order to ensure the stability of the Company's working capital turnover, the source of funds for the Company to engage in derivative commodity transactions is limited to</p>	<p>13. Included subsidiaries into the specification.</p> <p>14. Included subsidiaries into the specification.</p> <p>15. Included subsidiaries into the specification.</p>
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<p>own funds, and its operating amount should take into account the foreseen capital needs for cash receipts and expenditures of the next three months.</p> <p>(5) Operational risk management - The authorized limits, operation procedures and other regulations set by the Company and its subsidiaries shall be strictly abode by to avoid operational risks.</p> <p>(Omitted)</p> <p>(III) Internal audit system The Company's internal auditors shall regularly make clear the adequacy of the internal control of derivative commodity transactions, and audit the transaction department's compliance with the processing procedures for derivative commodity transactions on a monthly basis, and prepare an audit report. If a major violation is found, the Audit Committee shall be notified in writing.</p>	<p>its own funds, and its operating amount should take into account the foreseen capital needs for cash receipts and expenditures of the next three months.</p> <p>(5) Operational risk management - The authorized limits, operation procedures and other regulations set by the Company shall be strictly abode by to avoid operational risks.</p> <p>(Omitted)</p> <p>(III) Internal audit system The Company's internal auditors shall regularly make clear the adequacy of the internal control of derivative commodity transactions, and audit the transaction department's compliance with the processing procedures for derivative commodity transactions on a monthly basis, and prepare an audit report. If a major violation is found, the supervisors shall be notified in writing. Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which</p>	
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<p style="text-align: center;">(Omitted)</p> <p>(V) Supervision and management of the Board of Directors</p> <p>1. When the Company and its subsidiaries engage in derivative commodity transactions, the Board of Directors shall faithfully supervise and manage according to the following principles:</p> <p style="padding-left: 40px;">(1) Designated senior executives shall always pay attention to the supervision and control of derivative commodity transaction risks.</p> <p style="padding-left: 40px;">(2) Regularly assess whether the performance of engaging in derivative commodity transactions conforms to the established business strategy and whether the</p>	<p>notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. If an Audit Committee has been set up in accordance with the provisions hereof, the second item for supervisors shall be used by the Audit Committee.</p> <p style="text-align: center;">(Omitted)</p> <p>(V) Supervision and management of the Board of Directors</p> <p>1. When the Company engages in derivative commodity transactions, the Board of Directors shall faithfully supervise and manage according to the following principles:</p> <p style="padding-left: 40px;">(1) Designated senior executives shall always pay attention to the supervision and control of derivative commodity transaction risks.</p> <p style="padding-left: 40px;">(2) Regularly assess whether the performance of engaging in derivative commodity transactions conforms to the established business strategy and</p>	
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<p>risks assumed are within the scope of the Company's tolerance.</p> <p>(Omitted)</p> <p>3. If the Company and its subsidiaries engage in derivative commodity transactions and authorize relevant personnel to handle them in accordance with the provisions of these Processing Procedures, it shall be reported to the latest Board of Directors afterwards.</p> <p>(VI) When the Company and its subsidiaries engage in derivative commodity transactions, they shall establish reference books, and record the types and amounts of derivative commodity transactions engaged in, the date of approval by the Board of Directors, and the items that shall be carefully evaluated in accordance with Item 1, paragraph 4.1, paragraph 5.1(2) and 5.2(1) of this Article in the book in details for future reference.</p> <p>(VII) If the public offering company does not intend to engage in derivative</p>	<p>whether the risks assumed are within the scope of the Company's tolerance.</p> <p>(Omitted)</p> <p>3. If the Company engages in derivative commodity transactions and authorize relevant personnel to handle them in accordance with the provisions of these Processing Procedures, it shall be reported to the latest Board of Directors afterwards.</p> <p>(VI) When the Company is engaged in derivative commodity transactions, it shall establish reference books, and record the types and amounts of derivative commodity transactions engaged in, the date of approval by the Board of Directors, and the items that shall be carefully evaluated in accordance with Item 1, paragraph 4.1, paragraph 5.1(2) and 5.2(1) of this Article in the book in details for future reference.</p> <p>(VII) If the public offering company does not intend to engage in derivative</p>	
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<p>commodity transaction, it may report to the Board of Directors for approval and obtain the exemption from formulating the processing procedures for engaging in derivative commodity transactions. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions of the preceding article and the preceding paragraph before doing so.</p>	<p>commodity transaction, it may report to the Board of Directors for approval and obtain the exemption from formulating the processing procedures for engaging in derivative commodity transactions. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions of the preceding article and the preceding paragraph before doing so.</p>	
<p>XV. Evaluation and operating procedures for handling mergers, divisions, acquisitions or share transfers</p> <p>(I) The method and reference basis for determining the transaction price When the Company and its subsidiaries handle mergers, divisions, acquisitions, or share receipts, they shall comprehensively consider and refer to the past and future financial and business conditions, the expected future benefits, the fair way the market determines the transaction price, and refer to professional opinions of accountants, lawyers or securities underwriters, so as to negotiate the prices with the counterparts</p>	<p>XV. Evaluation and operating procedures for handling mergers, divisions, acquisitions or share transfers</p> <p>(I) The method and reference basis for determining the transaction price When the Company handles mergers, divisions, acquisitions, or share receipts, it shall comprehensively consider and refer to the past and future financial and business conditions, the expected future benefits, the fair way the market determines the transaction price, and refer to professional opinions of accountants, lawyers or securities underwriters, so as to negotiate the prices with the counterparts participating in the</p>	<p>1. Included subsidiaries into the specification.</p> <p>2. Included subsidiaries into the specification.</p>

<p>participating in the merger, division, acquisition or share receipt.</p> <p>(II) Invite experts to provide opinions</p> <p>When the Company and its subsidiaries handle mergers, divisions, acquisitions, or share receipts, they shall engage with accountants, lawyers or securities underwriters before holding board meeting for resolution to express opinions on the proportion of share exchange, the purchase price, or the rationality of cash or other property allocated to shareholders, and to submit to the Board of Directors for discussion and approval. Providently, the merger of the Company and subsidiaries that the Company directly or indirectly holds 100% of the issued shares or the total capital, or the merger of subsidiaries that the Company directly or indirectly holds 100% of the issued shares or the total capital, may be exempted from engaging with the aforesaid experts to issue reasonable opinions.</p> <p>(III) Decision-making level</p>	<p>merger, division, acquisition or share receipt.</p> <p>(II) Invite experts to provide opinions</p> <p>When the Company handles mergers, divisions, acquisitions, or share receipts, it shall engage with accountants, lawyers or securities underwriters before holding board meeting for resolution to express opinions on the proportion of share exchange, the purchase price, or the rationality of cash or other property allocated to shareholders, and to submit to the Board of Directors for discussion and approval. Providently, the merger of the Company and subsidiaries that the Company directly or indirectly holds 100% of the issued shares or the total capital, or the merger of subsidiaries that the Company directly or indirectly holds 100% of the issued shares or the total capital, may be exempted from engaging with the aforesaid experts to issue reasonable opinions.</p> <p>(III) Decision-making level</p>	<p>3. Included subsidiaries into the specification.</p>
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<p>The Company shall handle all decisions pertaining to mergers, splits, acquisitions, and share receipts in accordance with the Company Act and relevant regulations.</p> <p>(IV) Submission of relevant information and disclosure of information when it cannot be approved by the shareholders' meeting</p> <p>1. When the Company handles mergers, splits or acquisitions, it shall prepare a public document to shareholders prior to the meeting of shareholders regarding the important agreed content and related matters of the mergers, splits or acquisitions, and shall submit them to shareholders altogether with the expert opinions and the notice of meeting of shareholders in paragraph 2 of item 1 of this article as a reference for whether to approve the mergers, splits or acquisitions. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this</p>	<p>The Company shall handle all decisions pertaining to mergers and splits, splits, acquisitions, and assignment of shares in accordance with the Company Act and relevant regulations.</p> <p>(IV) Submission of relevant information and disclosure of information when it cannot be approved by the shareholders' meeting</p> <p>1. When the Company handles mergers, splits or acquisitions, it shall prepare a public document to shareholders prior to the meeting of shareholders regarding the important agreed content and related matters of the mergers, splits or acquisitions, and shall submit them to shareholders altogether with the expert opinions and the notice of meeting of shareholders in paragraph 2 of item 1 of this article as a reference for whether to approve the mergers, splits or acquisitions. Provided, where a provision of another act exempts the Company from convening a</p>	<p>4. Included subsidiaries into the specification.</p> <p>5. Included subsidiaries into the specification.</p> <p>6. Included subsidiaries into the specification.</p>
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<p>restriction shall not apply.</p> <p>2. For companies participating in mergers, splits or acquisitions, if the shareholders' meeting of either party cannot be convened, resolved, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, insufficient voting rights or other legal restrictions, the companies participating in the mergers, splits or acquisitions shall immediately publicly explain the reasons for the occurrence, subsequent processing operations and the expected date of the shareholders' meeting.</p> <p>(V) Meeting date of the Board of Directors and shareholders' meeting</p> <p>1. When the Company and its subsidiaries handle mergers, splits or acquisitions, unless otherwise stipulated by other laws or special factors have been approved by the</p>	<p>shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p> <p>2. For companies participating in mergers, splits or acquisitions, if the shareholders' meeting of either party cannot be convened, resolved, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, insufficient voting rights or other legal restrictions, the companies participating in the mergers, splits or acquisitions shall immediately publicly explain the reasons for the occurrence, subsequent processing operations and the expected date of the shareholders' meeting.</p> <p>(V) Meeting date of the Board of Directors and shareholders' meeting</p> <p>1. When the Company handles mergers, splits or acquisitions, unless otherwise stipulated by other laws or special factors have been approved by the Securities &amp; Futures</p>	<p>7. Included subsidiaries into the specification.</p> <p>8. Included subsidiaries into the specification.</p>
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<p>Securities &amp; Futures Institute in advance, the board meeting and the meeting of shareholders shall be held on the same day as the companies participating in the mergers, splits or acquisitions to resolve matters related to mergers, splits or acquisitions.</p> <p>2. When the Company and its subsidiaries handle share receipts, unless otherwise stipulated by other laws or special factors have been approved by the Securities &amp; Futures Institute in advance, the board meeting and the meeting of shareholders shall be held on the same day as the companies participating in the share receipts.</p> <p>(Omitted)</p> <p>(VII) Principles for the change of share conversion ratio or purchase price When the Company and its subsidiaries participate in mergers, splits, acquisitions, or share receipts, except for the following circumstances, the exchange rate or purchase price shall not be</p>	<p>Institute in advance, the board meeting and the meeting of shareholders shall be held on the same day as the companies participating in the mergers, splits or acquisitions to resolve matters related to mergers, splits or acquisitions.</p> <p>2. When the Company handles share receipts, unless otherwise stipulated by other laws or special factors have been approved by the Securities &amp; Futures Institute in advance, the board meeting and the meeting of shareholders shall be held on the same day as the companies participating in the share receipts.</p> <p>(Omitted)</p> <p>(VII) Principles for the change of share conversion ratio or purchase price When the Company participates in mergers, splits, acquisitions, or share receipts, except for the following circumstances, the exchange rate or purchase price shall not be changed</p>	
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<p>changed arbitrarily, and the possible changes shall be stipulated in the merger, division, acquisition or share receipt contract:</p> <p>(Omitted)</p> <p>(VIII) Matters that shall be stated in the contract</p> <p>When the Company and its subsidiaries participate in mergers, splits, acquisitions or share receipts, the contract shall specify the rights and obligations of the companies participating in the mergers, splits, acquisitions or share receipts, and shall specify the following:</p> <p>(Omitted)</p> <p>(X) If a company participating in the merger, split, acquisition or share receipt has a non-public offering company, the Company and its subsidiaries shall sign an agreement with it, and follow the provisions of paragraphs 5, 6 and 9 of Item 1 of this Article.</p> <p>(Omitted)</p>	<p>arbitrarily, and the possible changes shall be stipulated in the merger, division, acquisition or share receipt contract:</p> <p>(Omitted)</p> <p>(VIII) Matters that shall be stated in the contract</p> <p>When the Company participates in mergers, splits, acquisitions or share receipts, the contract shall specify the rights and obligations of the companies participating in the mergers, splits, acquisitions or share receipts, and shall specify the following:</p> <p>(Omitted)</p> <p>(X) If a company participating in the merger, split, acquisition or share receipt has a non-public offering company, the Company shall sign an agreement with it, and follow the provisions of paragraphs 5, 6 and 9 of Item 1 of this Article.</p> <p>(Omitted)</p>	
<p>XVI. Announcement declaration procedures</p> <p>(I) If the acquisition or disposal of assets by the Company and its</p>	<p>XVI. Announcement declaration procedures</p> <p>(I) If the acquisition or disposal of assets by the Company</p>	<p>1. Included subsidiaries into the specification.</p>

<p>subsidiaries involves any of the following, according to the nature and in the prescribed format, and within two days from the day when the fact occurs, the relevant information shall be announced and declared on the website designated by the FSC:</p> <p>(Omitted)</p>	<p>involves any of the following, according to the nature and in the prescribed format, and within two days from the day when the fact occurs, the relevant information shall be announced and declared on the website designated by the FSC:</p> <p>(Omitted)</p>	
<p>XVII. Procedures for control the acquisition or disposal of assets by subsidiaries</p> <p>(I) Where the acquisition or disposal of assets by each subsidiary shall be approved by the Board of Directors in accordance with the provisions of these procedures or other laws, the Company shall be notified in advance. The financial department of the Company shall evaluate the feasibility, necessity and rationality of the acquisition or disposal of assets, and follow up the implementation status afterwards, and conduct analysis</p>	<p>XVII. Procedures for control the acquisition or disposal of assets by subsidiaries</p> <p>(I) The Company shall supervise all subsidiaries to set the procedures for acquiring or disposing of assets in accordance with the provisions of the “Standards for Disposing of Assets Acquired or Disposed of by Public Companies” of the Securities and Futures Institute, which, after being approved by the Board of Directors, shall be submitted to the shareholders’ meetings of both parties for approval, and the same when revised.</p> <p>(II) Where the acquisition or disposal of assets by each subsidiary shall be approved by the Board of Directors in accordance with the provisions of the formulated processing procedures for the acquisition or disposal of assets or other laws, the Company shall be notified in advance. The financial department of the Company shall evaluate the feasibility, necessity and rationality of the acquisition or</p>	<p>1. The provisions of these procedures incorporate subsidiaries into the scope of specification, and do not separately stipulate the procedures for each subsidiary to acquire and dispose of assets. So this item is deleted.</p> <p>2. Amended the article number.</p> <p>3. Made text corrections.</p> <p>4. Made text corrections.</p>

<p>and review.</p> <p>(II) The Company’s internal auditors shall regularly audit the compliance of each subsidiary with these procedures and prepare an audit report; the findings and recommendations of the audit report shall be notified to each subsidiary under investigation for improvement after review, and a follow-up report shall be prepared regularly to ensure that it has taken appropriate improvement measures in a timely manner.</p>	<p>disposal of assets, and follow up the implementation status afterwards, and conduct analysis and review.</p> <p>(III) The Company’s internal auditors shall regularly audit the compliance of each subsidiary with their own processing procedures for acquiring or disposing of assets and prepare an audit report; the findings and recommendations of the audit report shall be notified to each subsidiary under investigation for improvement after review, and a follow-up report shall be prepared regularly to ensure that it has taken appropriate improvement measures in a timely manner.</p>	
<p>XVIII. Penalty</p> <p>If the acquisition or disposal of assets by the relevant personnel of the Company and its subsidiaries violates the “Standards for Disposing of Assets Acquired or Disposed of by Public Companies” of the SFI or the processing procedures of the Company or the subsidiaries for acquisition or disposal of assets, it shall be submitted for examination regularly according to the relevant personnel management measures and working rules of the Company to impose punishments according to the seriousness.</p>	<p>XVIII. Penalty</p> <p>If the acquisition or disposal of assets by the relevant personnel of the Company violates the “Standards for Disposing of Assets Acquired or Disposed of by Public Companies” of the SFI or the processing procedures of the Company for acquisition or disposal of assets, it shall be submitted for examination regularly according to the relevant personnel management measures and working rules of the Company to impose punishments according to the seriousness.</p>	<p>1. Included subsidiaries into the specification.</p>
<p>XX. Implementation and revision</p>	<p>XX. Implementation and revision</p>	<p>1. In response to the</p>

<p>After these procedures are approved by the Audit Committee and the Board of Directors, they shall be submitted to the shareholders' meeting for approval, and the same shall apply for amendments. If there is a director expressing an objection and having a record or written statement, the Company shall send the objection of the director to the Audit Committee. When the Company submits the procedures to the Board of Directors for discussion, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting.</p> <p>The procedures shall be formulated or revised by more than half of all members of the Audit Committee, and shall be submitted to the Board of Directors for resolution.</p> <p>If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit Committee shall be stated in the minutes of the board meeting. All members of the Audit Committee referred to in the</p>	<p>This procedure and any amendments thereto, shall be submitted to the supervisors after passage by the board, and reported at the shareholders' meeting for approval prior to implementation. Same for any amendments. If there is a director expressing an objection and having a record or written statement, the Company shall send the objection of the director to each supervisor. In addition, if the Company has established independent directors and reports the procedures to the Board of Directors for discussion, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting.</p> <p>If the Company has established a Audit Committee, the procedures shall be formulated or revised by more than half of all members of the Audit Committee, and shall be submitted to the Board of Directors for resolution.</p> <p>If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit</p>	<p>establishment of the Audit Committee of the Company, the text narration and execution procedures were adjusted.</p> <p>2. Made text corrections.</p> <p>3. Made text corrections.</p> <p>4. Made text corrections.</p>
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<p>preceding paragraph and all directors referred to in the preceding paragraph shall be calculated based on actual persons in office. These standards shall take effect after being promulgated.</p>	<p>Committee shall be stated in the minutes of the board meeting.</p> <p>All members of the Audit Committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be The Company based on actual persons in office.</p> <p>The effective date of these standards shall be the date of promulgation, with the exception of the amended provisions on November 26, 2018, which shall come into effect on January 1, 2019.</p>	
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**Formosa Optical Technology Co., Ltd.**  
**Procedures for Election of Directors and Supervisors**  
**Amendment Comparison Table**

Amended Provision	Current Provision	Description
FAP-00019 Procedures for Election of Directors	FAP-00019 Procedures for Election of Directors and Supervisors	1. In response to the establishment of an Audit Committee to replace the supervisors, the name of the procedures was adjusted.
1. Purpose To ensure a just, fair, and open election of directors, the Procedure is formulated pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	Article 1: To ensure a just, fair, and open election of directors and supervisors, the Procedures are adopted pursuant to Articles 21 and 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".	1. Changed the Articles number. 2. Deleted the supervisor part of the provisions.
2. Scope: Unless otherwise provided by laws or the Articles of Incorporation, the election and appointment of directors of the Company shall be governed by the procedures	Article 2: Unless otherwise provided by laws or the Articles of Incorporation, the election and appointment of directors and supervisors of the Company shall be governed by the procedures.	1. Changed the Articles number. 2. Deleted the supervisor part of the provisions.
3. Responsible units: 3.1 Accounting Office: Responsible for the formulation and compiling of these measures. 3.2. Election and appointment unit: Shareholders' Meeting.		1. Added management responsibility for clarity.
4. Job content: 4.1. Eligibility for election and appointment:		1. Newly added clause stratum for clarity.
4.1.1 The overall composition of the Board of Directors shall be taken into consideration in the selection of this Company's directors. The composition of the Board of Directors shall consider diversification, and an appropriate diversification policy shall be formulated based on its own operation, operation type and development needs. It shall include but be not limited to the following two major standards: 4.1.1.1. Basic requirements and values: Gender, age, nationality, and culture. 4.1.1.2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. 4.1.2. The members of the Board of Directors shall generally have the knowledge, skills and literacy necessary	Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall consider diversification, and an appropriate diversification policy shall be formulated based on its own operation, operation type and development needs. It shall include but be not limited to the following two major standards: I. Basic requirements and values: Gender, age, nationality, and culture. II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology),	1. Changed the Articles number.

<p>to perform their duties, and their overall abilities shall be as follows:</p> <p>4.1.2.1. Operational judgment ability.</p> <p>4.1.2.2. Accounting and financial analysis ability.</p> <p>4.1.2.3. Business management ability.</p> <p>4.1.2.4. Crisis management ability.</p> <p>4.1.2.5. Industry knowledge.</p> <p>4.1.2.6. International market outlook.</p> <p>4.1.2.7. Leadership.</p> <p>4.1.2.8. Decision-making ability.</p> <p>4.1.3. There shall be more than half of members among the directors who have no spouse relationship or kinship within second degree.</p> <p>4.1.4. The Company's Board of Directors shall consider adjusting its composition based on the results of performance evaluation.</p>	<p>professional skills and industry experience, etc.</p> <p>The members of the Board of Directors shall generally have the knowledge, skills and literacy necessary to perform their duties, and their overall abilities shall be as follows:</p> <p>I. Business judgment ability.</p> <p>II. Accounting and financial analysis ability.</p> <p>III. Business management ability.</p> <p>IV. Crisis management ability.</p> <p>V. Knowledge of the industry.</p> <p>VI. International market perspective.</p> <p>VII. Leadership.</p> <p>VIII. Decision-making ability.</p> <p>There shall be more than half of members among the directors who have no spouse relationship or kinship within second degree.</p> <p>The Company's Board of Directors shall consider adjusting its composition based on the results of performance evaluation.</p>	
<p>This article has been deleted.</p>	<p>Article 4: The Company's supervisors shall meet the following conditions: ... (The following is omitted)</p>	<p>1. This article has been deleted.</p>
<p>4.1.5 The qualification of independent directors of the Company shall be in accordance with ... (omitted) of the "Measures for The Establishment of Independent Directors of a Publicly Owned Corporation".</p>	<p>Article 5: The qualification of independent directors of the Company shall be in accordance with ... (omitted) of the "Measures for The Establishment of Independent Directors of a Publicly Owned Corporation".</p>	<p>1. Changed the Articles number.</p>
<p>4.2. Method of election and appointment:</p>		<p>1. Newly added clause stratum for clarity.</p>
<p>4.2.1. The election of directors of the Company shall be subject to the procedures for candidate nomination system as stipulated in Article 192-1 of the Company Act. If any director is dismissed for some reason, leading to fewer than five directors, the Company shall by-elect them at the latest shareholders' meeting. However, if the vacancy of directors reaches one-third of the number of seats specified in the</p>	<p>Article 6: The election of directors and supervisors of the Company shall be subject to the procedures of the candidate nomination system stipulated in Article 192-1 of the Company Act. To review the qualifications and academic qualifications of candidates for directors and supervisors, education background and experience, and the presence or</p>	<p>1. Changed the Articles number.</p> <p>2. In response to the revision of Article 192-1 of the Company Act, simplified the procedures for nominating directors.</p>



<p>Articles of Incorporation, the Company shall convene an interim meeting of shareholders within 60 days from the date of the fact for by-election. If the number of independent directors is less than that required by Item 1 of Article 14-2 of the Securities Exchange Act, new independent directors shall be elected at the most recent Shareholders' Meeting. When an independent director is dismissed, by-election shall be done by an extraordinary shareholders' meeting convened within 60 days from the date of the fact.</p>	<p>absence of the various circumstances listed in Article 30 of the Company Act, no other qualification certification documents may be arbitrarily added, and the review results shall be submitted to shareholders for reference in order to select suitable directors and supervisors. If any director is dismissed for some reason, leading to fewer than five directors, the Company shall by-elect them at the latest shareholders' meeting. However, if the vacancy of directors reaches one-third of the number of seats specified in the Articles of Incorporation, the Company shall convene an interim meeting of shareholders within 60 days from the date of the fact for by-election. Where the number of independent directors is insufficient to the number stipulated in item 1 of Article 14-2 of the Securities Exchange Act and paragraph 8 of the "specific criteria for determining that securities premises should not be listed on TWSE/TPEX under Item 1 of Article 10 of the Standards for Examining the Trading of Marketable Securities in the Business Premises of Securities Dealers" issued by Taipei Exchange (TPEX), a by-election shall be held at the latest shareholders' meeting; Where all independent directors are dismissed, a by-election shall be held at an interim meeting of shareholders within 60 days from the date of occurrence of the fact. If the supervisor is dismissed for some reason, leading to the number of supervisors insufficient as stipulated in the Company's Articles of Incorporation, it is advisable to conduct a by-election at the latest shareholders' meeting. However, when all supervisors are dismissed, a by-election shall be done on the interim shareholders' meeting held within</p>	<p>3. Adjusted this item in response to J.G.Z.F.Z. No. 1070345233 which requires listed companies to set up independent directors. 4. Deleted the supervisor part of the provisions.</p>
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	60 days from the date of the occurrence of the fact.	
4.2.2 The election of the Company's directors shall adopt the cumulative voting system. Each share shall have the same voting rights as the number of directors to be elected. Votes can concentrate on one person or be distributed to a number of persons.	Article 7: The election of the Company's directors and supervisors shall adopt the cumulative voting system. Each share shall have the same voting rights as the number of directors or supervisors to be elected. Votes can concentrate on one person or be distributed to a number of persons.	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> <li>2. Deleted the supervisor part of the provisions.</li> </ol>
4.2.3 The Board of Directors shall prepare ballots equal to the number of directors to be elected, fill in the number of weights, and distribute them to the shareholders attending the shareholders' meeting, and the names of the candidates may be replaced by the attendance certificate numbers printed on the ballots.	Article 8: The Board of Directors shall prepare ballots equal to the number of directors and supervisors to be elected, fill in the number of weights, and distribute them to the shareholders attending the shareholders' meeting, and the electors can use the attendance certificate number printed on the ballot to replace the names of candidates.	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> <li>2. Deleted the supervisor part of the provisions.</li> </ol>
4.2.4 The number of directors of the Company will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.	Article 9: The number of directors and supervisors will be as specified in the company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> <li>2. Deleted the supervisor part of the provisions.</li> </ol>
4.2.5 Before the start of the election, the Chairman shall appoint scrutineers and tellers... (omitted)	Article 10: Before the start of the election, the Chairman shall appoint scrutineers and tellers... (omitted)	<ol style="list-style-type: none"> <li>1. Changed the Articles number.</li> </ol>
This article has been deleted.	Article 11: If a candidate is a shareholder, the elector must fill in the candidate's account name and shareholder account number in the candidate's column of the	<ol style="list-style-type: none"> <li>1. The candidate nomination system has been adopted, and it is no longer necessary to identify the candidate's</li> </ol>

	<p>ballot; if the candidate is not a shareholder, fill in the candidate's name and identification document number. However, when a government or legal person shareholder is an candidate, the name of the government or legal person or the name of their representative can be entered in the candidate's account name column of the ballot; when there are several representatives, the names of the representatives shall be added separately.</p>	<p>identity with shareholder account number or identity card number, so this article is deleted.</p>
<p>4.2.6. The ballot shall be invalid in case of any of the following circumstances:</p> <p>4.2.6.1. The ballot prepared by a person with convening authority is not used.</p> <p>4.2.6.2. Putting a blank ballot paper into a ballot box.</p> <p>4.2.6.3. The handwriting is illegible or has been altered.</p> <p>4.2.6.4. The name of candidate filled in is found inconsistent with the list of director candidates after checking.</p> <p>4.2.6.5. Other words other than the assigned number of electoral rights are filled in.</p>	<p>Article 12: The ballot shall be invalid in case of any of circumstances in the left column:</p> <p>I. The ballot is not prepared by the Board of Directors.</p> <p>II. Putting a blank ballot paper into a ballot box.</p> <p>III. The handwriting is illegible or has been altered.</p> <p>IV. If the filled candidate is a shareholder, the account name and account number of the shareholder do not match the register of shareholders; If the filled candidate is not a shareholder, the name and identification document number are inconsistent upon verification.</p> <p>V. Other words other than the account name (name) or shareholder account number (identification document number) and assigned number of electoral rights are filled in.</p> <p>VI. The name of the votee entered in the ballot is identical to that of another shareholder, but the shareholder account number of identity certificate number is not filled in the ballot to identify such individual.</p>	<p>1. Changed the Articles number.</p> <p>2. In accordance with Article 173 of the Company Act, shareholders may report to the competent authority for permission under certain circumstances to convene the meeting on their own, so adjustment was made in response.</p> <p>3. The candidate nomination system has been adopted. Shareholders shall be elected from the list of director candidates, so the fourth and fifth paragraphs were adjusted and the sixth paragraph was deleted.</p>
<p>4.2.7 Ballots will be opened on the spot after the voting is completed. The result</p>	<p>Article 13: Ballots will be opened on the spot after the voting is</p>	<p>1. Changed the Articles number.</p>

<p>of balloting shall be announced on the spot by the Chairman or designated emcee, including the list of directors elected and the number of elected weight. (The second item is omitted)</p>	<p>completed. The result of balloting shall be announced on the spot by the Chairman or designated emcee, including the list of directors and supervisors elected and the number of elected weight. (The second item is omitted)</p>	<p>2. Deleted the supervisor part of the provisions.</p>
<p>4.2.8 A notice of election shall be issued by the Board of Directors of the Company to the elected directors.</p>	<p>Article 14: A notice of election shall be issued by the Board of Directors of the Company to the elected directors and supervisors.</p>	<p>1. Changed the Articles number. 2. Deleted the supervisor part of the provisions.</p>
<p>5. These Procedures will be implemented after approval by the Board of Directors, and the same applies when they are revised.</p>	<p>Article 15: These procedures will be implemented after approval by the Board of Directors, and the same applies when they are revised.</p>	<p>1. Changed the Articles number.</p>
<p>6. Related documents: 6.1. The establishment of independent directors and the measures to be followed 6.2. Corporate Governance Best Practice Principles</p>		<p>1. New provisions.</p>
<p>7. Implementation and revision history: 7.1. It was first formulated on November 28, 1994 and adopted by the interim meeting of shareholders. 7.2 The first revision was adopted by the shareholders' meeting on June 19, 2009. 7.3 The second revision was adopted by the shareholders' meeting on June 22, 2015. 7.4 The third revision was adopted by the shareholders' meeting on June 23, 2021.</p>	<p>XI. These Operating Procedures were adopted by the board of directors on November 10, 1994, and submitted to the interim meeting of shareholders for recognition on November 28, 1994. XII. These Operating Procedures were adopted by the board of directors on April 3, 2006.</p>	<p>1. Changed the Articles number. 2. Made text corrections. 3. Added the date of this revision.</p>

**Formosa Optical Technology Co., Ltd.**  
**Rules on the Scope of Functions of Supervisors**

- Article 1: In order to ensure the normal business operation of the Company, establish an effective, thorough and rigorous supervision mechanism, exert the supervisory functions of the supervisors, strengthen the Company's internal self-supervision capabilities, and improve the Company's corporate governance system to fulfill the responsibility of safeguarding the rights and interests of the Company and all its shareholders, this rule is formulated in reference to Chapter 4 of the Corporate Governance Best Practice Principles for observance.
- Article 2: The powers and responsibilities of the Company's supervisors, and the affairs that the Company shall cooperate in handling when they are exercising their powers, unless otherwise provided by laws or regulations, shall be subject to the provisions of these rules.
- Article 3: Supervisors shall faithfully perform their business and perform the duty of care as a good manager, and monitor the Company's business and financial status with a high degree of self-discipline and prudence in order to protect the rights and interests of the Company and shareholders.
- Where a supervisor violates laws and regulations, Articles of Incorporation, or neglects his/her supervision duties while performing his/her duties, thereby causing damage to the Company, he/she shall be liable for damages to the Company according to law.
- Article 4: Supervisors shall be familiar with relevant laws and regulations, know well the rights, obligations and responsibilities of the Company's directors, as well as the division of duties and operations of various departments, and sit in on the board meeting to supervise its operation and state their opinions in a timely manner, so as to grasp or discover abnormalities in advance.
- Where a supervisor deems it necessary to exchange opinions based on the overall consideration of the Company's and shareholders' rights and interests when separately exercising their supervisory powers, they may exchange opinions in an assembly, which shall not hinder the independent exercise of their powers by each supervisor.
- Article 5: The supervisors shall supervise the execution of the Company's business, investigate the Company's business and financial status at any time, check the books and documents, request the Board of Directors or managerial officers to submit reports, so as to know their due diligence, and pay attention to the effectiveness and implementation conditions of the Company's internal control system, so as to reduce the Company's financial crisis and operating risks.
- Article 6: When the Company convenes a board meeting, it shall notify all supervisors in accordance with the rules of procedure of the Board of Directors of the public offering company, and send the notice of the meeting and sufficient meeting materials to the supervisors.
- Article 7: Supervisors shall uphold a high degree of self-discipline, and shall evade themselves if the motion involves the supervisor's own interests that may harm the interests of the Company.
- Article 8: Where the Board of Directors or directors violate the laws, regulations, or resolutions of the shareholders' meeting in the execution of their business, the supervisors shall immediately notify the Board of Directors or directors to stop their actions.

- Article 9: Supervisors shall thoroughly check and issue reports on various forms prepared by the Board of Directors for the shareholders' meeting (proposals on business reports, financial statements, earning distribution or loss compensation, etc.), and report their opinions to the shareholders' meeting.
- Article 10: Supervisors may investigate the Company's business and financial status at any time, and the relevant departments of the Company shall cooperate in providing the books and documents required for the investigation. When reviewing the finance or operations of the Company, a Supervisor may retain attorneys or CPAs on behalf of the Company to perform the review; however, the Company shall inform the relevant persons of their confidentiality obligations. The Board of Directors or managers shall submit reports in accordance with the request of the Supervisors and shall not for any reason obstruct, circumvent, or refuse the inspection of the Supervisor.
- When a supervisor performs his/her duties, the Company shall provide necessary assistance according to his/her needs at the reasonable cost of the Company.
- Article 11: The supervisors shall have regular discussions with internal auditors on the review of lack in the internal control system and make records.
- The Company shall establish communication channels between employees, shareholders, and interested parties and supervisors to facilitate supervisors to perform supervisory duties. When a supervisor discovers a malpractice, it shall take appropriate measures in a timely manner to prevent the malpractice from expanding, and shall report to the relevant competent authority or relevant unit when necessary.
- If an independent director, general manager, or head of financial, accounting, R&D, or internal audit department or CPAs of listed companies resign or change, the supervisor shall thoroughly make clear the reasons and make necessary recommendations or disposals.
- Article 12: The Company shall purchase liability insurance for the supervisors in accordance with the Company's Articles of Incorporation or the resolutions of the shareholders' meeting during the supervisor's term of office for the scope of business execution, so as to reduce and diffuse the risk of material damage to the interests of the Company and shareholders caused by the wrongful or negligent acts of the supervisor.
- Article 13: Supervisor shall continue to attend refresher courses in finance, risk management, business, accounting or law on the subject of corporate governance held by the institutions designated by the key implementation points of the refresher courses for directors and supervisors of TWSE/TPEX listed companies at the time of their appointment or during their tenure.
- Article 14: These rules shall be effective after being approved by the shareholders' meeting, and the same applies when they are revised.

Formosa Optical Technology Co., Ltd.  
Candidate List of Directors and Supervisors

Serial Number	Category	Name of Candidate	Academic Background	Experiences	Current Title	Reason(s) for nominating one who has already served as an independent director for three consecutive terms	Shares Held
1	Director	Kuo-Chou Tsai (On behalf of Chieh Fu International Co., Ltd.)	Master of Management, Tunghai University	Chairman of Formosa Optical Technology Co., Ltd. Chairman of Prosper Link International Limited Chairman of Haichang International Limited Chairman of Ginko International Co., Ltd. Chairman of Hydron Contact Lens Co., Ltd. Chairman of Jiangsu Horien Contact Lens Co., Ltd. Chairman of East Optics Co., Ltd. Chairman of New Path International Co., Ltd. Chairman of Ginko Optical Industrial Co., Ltd. Chairman of Chieh Fu International Co., Ltd. Chairman of Chi Sheng Co., Ltd. Chairman of Yung Sheng Optical Co., Ltd.	Chairman of Formosa Optical Technology Co., Ltd. Chairman of Prosper Link International Limited Chairman of Haichang International Limited Chairman of Ginko International Co., Ltd. Chairman of Hydron Contact Lens Co., Ltd. Chairman of Jiangsu Horien Contact Lens Co., Ltd. Chairman of East Optics Co., Ltd. Chairman of New Path International Co., Ltd. Chairman of Ginko Optical Industrial Co., Ltd. Chairman of Chieh Fu International Co., Ltd. Chairman of Chi Sheng Co., Ltd. Chairman of Yung Sheng Optical Co., Ltd.	N/A	10,785,057
2	Director	Kuo-Ping Tsai	Ph.D. in Agricultural Economics, Pennsylvania State University	Vice Chairman of Formosa Optical Technology Co., Ltd. Chairman of Pao Lien Optical Co., Ltd. Chairman of Milano Optical Company Chairman of Pao Wei Optical Co., Ltd. Chairman of Pao Hsiang Optical Co., Ltd. CEO of Strategic Investment Business Group of Ginko Group Chairman of Yuan Jie International Co., Ltd. Chairman of Silvercoast Investments Ltd. Supervisor of Chieh Fu International Co., Ltd. Director of Chi Sheng Co., Ltd. Supervisor of East Optics Co., Ltd.	Vice Chairman of Formosa Optical Technology Co., Ltd. Chairman of Pao Lien Optical Co., Ltd. Chairman of Milano Optical Company Chairman of Pao Wei Optical Co., Ltd. Chairman of Pao Hsiang Optical Co., Ltd. Chairman of Yuan Jie International Co., Ltd. Chairman of Silvercoast Investments Ltd. Supervisor of Chieh Fu International Co., Ltd. Director of Chi Sheng Co., Ltd. Supervisor of East Optics Co., Ltd.	N/A	389,439

Serial Number	Category	Name of Candidate	Academic Background	Experiences	Current Title	Reason(s) for nominating one who has already served as an independent director for three consecutive terms	Shares Held
3	Director	Hui-Yu Chen Liu	Ming Chuan College	Chairman of Formosa Investment Development Co., Ltd.	Chairman of Formosa Investment Development Co., Ltd.	N/A	2,396,975
4	Director	I-Shan Tsai (On behalf of Chieh Fu International Co., Ltd.)	Master of Brand Management in Milan Campus of European Fashion Academy	General Manager of Formosa Optical Technology Co., Ltd. Director of Pao Wei Optical Co., Ltd. Director of Milano Optical Company. Director of Yuan Jie International Co., Ltd.	General Manager of Formosa Optical Technology Co., Ltd. Director of Pao Wei Optical Co., Ltd. Director of Milano Optical Company. Director of Yuan Jie International Co., Ltd.	N/A	10,785,057
5	Director	Tzu-Chiang Chueh (On behalf of Formosa Electronic Co., Ltd.)	Department of Economics, China Culture University	Deputy General Manager of Formosa Watch Co., Ltd. Supervisor of Formosa Optical Technology Co., Ltd.	Deputy General Manager of Formosa Watch Co., Ltd. Supervisor of Formosa Optical Technology Co., Ltd.	N/A	874,115
6	Director	Chih-Wei Chang (On behalf of Chih-Wei Investment Co., Ltd.)	Department of Information Science, University of Arizona, USA	Web Engineer of Tension Design LLC. Supervisor of Formosa Optical Technology Co., Ltd.	Chairman of Chih-Wei Investment Co., Ltd. Supervisor of Formosa Optical Technology Co., Ltd.	N/A	1,300,972
7	Director	Hsiu-Pi Yao	Master of Business Administration, University of Missouri, Columbia	Manager, Strategic Investment Department, Yung Sheng Optical Co., Ltd. Supervisor of Formosa Optical Technology Co., Ltd.	Manager, Strategic Investment Department, Yung Sheng Optical Co., Ltd. Supervisor of Formosa Optical Technology Co., Ltd.	N/A	0
8	Independent Director	Chung-Chi Wen	Master of Law, Institute of Law, China Culture University	Lawyer of Wen Chung Chi Law Firm Independent Director and Member of Remuneration Committee of Formosa Optical Technology Co., Ltd.	Lawyer of Wen Chung Chi Law Firm Independent Director and Member of Remuneration Committee of Formosa Optical Technology Co., Ltd.	In view of his expertise in the professional field, he can assist and	0



Serial Number	Category	Name of Candidate	Academic Background	Experiences	Current Title	Reason(s) for nominating one who has already served as an independent director for three consecutive terms	Shares Held
						strengthen the operation of the Board	
9	Independent Director	Meng-Jou Wu	Master of Economics, School of Management, Michigan State University	Attorney of Fach Law Firm Independent Director and Member of Remuneration Committee of Formosa Optical Technology Co., Ltd.	Attorney of Fach Law Firm Independent Director and Member of Remuneration Committee of Formosa Optical Technology Co., Ltd.	N/A	0
10	Independent Director	Yu-Ching Tsai	Accounting, National Taiwan University	Partner Accountant of Everwell & Co., CPAs. Independent Director and Member of Remuneration Committee of Auden Techno Corp. Independent Director and Member of Remuneration Committee of Apex Dynamics, Inc. Independent Director and Member of Remuneration Committee of Formosa Optical Technology Co., Ltd.	Partner Accountant of Everwell & Co., CPAs. Independent Director and Member of Remuneration Committee of Auden Techno Corp. Independent Director and Member of Remuneration Committee of Apex Dynamics, Inc. Independent Director and Member of Remuneration Committee of Formosa Optical Technology Co., Ltd.	N/A	0
11	Independent Director	Jung-Hui Liang	Doctor of Finance, Institute of Business Administration, National Taiwan University of Science and Technology	Supervisor of Jingwen University of Science and Technology Adjunct Professor, Department of Finance, China Culture University	Supervisor of Jingwen University of Science and Technology Adjunct Professor, Department of Finance, China Culture University	N/A	0

Formosa Optical Technology Co., Ltd.  
List of Details of Listing Non-competition Restrictions for Director Candidates in  
accordance with Article 209 of the Company Act

Position	Name	Important Positions Concurrently Held in Other Companies
Director Candidate	Chieh Fu International Co., Ltd.	Business scope: glasses wholesale and glasses retail
Representative of director candidate	Kuo-Chou Tsai	Chairman of Ginko International Co., LTD (scope of business: wholesale, retail and international trade of glasses) Chairman of Hydron Contact Lens Co., Ltd. (the business scope is the production and sale of 6822 medical optical instruments, instruments and endoscopic equipment, cosmetics, metal lens frames and their accessories and optical products) Chairman of Jiangsu Hailun Contact Lens Co., Ltd. (the business scope is the production and sale of 6822 medical optical instruments, instruments and endoscopic equipment) Chairman of Jiangsu East Optics Co., Ltd. (the business scope is the production and sale of eyeglasses and accessories, optical instruments and optical products) Chairman of Ginko Optical Industrial Co., Ltd. (the business scope is the manufacturing, processing and trade of various glasses) Chairman of Yung Sheng Optical Co., Ltd. (the business scope is the manufacturing and marketing of contact lenses and care solutions)
Director Candidate	Kuo-Ping Tsai	Chairman of Pao Lien Optical Co., Ltd. (the business scope is the wholesale of glasses, wholesale and international trade of medical equipment) Chairman of Pao Hsiang Optical Co., Ltd. (the business scope is the retail of glasses, retail of medical equipment and optical services) Chairman of Milano Optical Company (the business scope is the retail of glasses, retail of medical equipment and optical services) Chairman of Pao Wei Optical Co., Ltd. (the business scope is the retail of glasses, retail of medical equipment and optical services) Supervisor of Jiangsu East Optics Co., Ltd. (the business scope is the production and sale of eyeglasses and accessories, optical instruments and optical products) Director of Shanghai Shibo Optical Glasses Co., Ltd. (the business scope is the production and sale of eyeglasses and accessories, optical instruments and optical products)
Representative of director candidate	I-Shan Tsai	Director of Pao Wei Optical Co., Ltd. (the business scope is the retail of glasses, retail of medical equipment and optical

		services)
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Formosa Optical Technology Co., Ltd.  
Transaction Procedures for Related Parties

- I. In order to reasonably control the handling of transactions between the Company and its related parties to ensure the safety of the Company's assets, these Operating Procedures are formulated in accordance with the relevant regulations promulgated by the Securities and Futures Bureau, Financial Supervisory Commission (FSC), Executive Yuan.
- II. For the purposes of these Procedures, the term "Related Party" refers to that, if one party (including an organization and a person) has the ability to control the other party or has a significant influence on the operation and financial policy of the other party, it/he/she shall be regarded as the related party of the Company; businesses controlled by the same person or business shall be mutually regarded as related parties of each other.  
  
While making judgment concerning related parties, in addition to paying attention to its legal form, it is also necessary to consider the substantive relationship for judgment.
- III. Anyone who has one of the following circumstances shall be of course regarded as a related party of the Company:
  - (I) Companies invested by the Company and evaluated using the equity method.
  - (II) Investors evaluating the Company's investment using the equity method.
  - (III) The Chairman or General Manager of the Company is the same person as, or the spouse of or has a second degree of kinship with the Chairman or General Manager of another company.
  - (IV) Consortium legal persons which received donations from the Company amounting to more than one-third of the total paid-in fund.
  - (V) Directors, General Manager, Deputy General Managers, Assistant Managers and department heads directly under the leadership of the General Manager of the Company.

- (VI) Spouse of the director, supervisor or General Manager of the Company.
- (VII) Relatives within the second degree of kinship with the Company's Chairman or General Manager.
- (VIII) Affiliates and their directors, supervisors and managerial officers referred to in Chapter 6 of the Company Act.
- (IX) A company or organization and its directors, supervisors and managers that are under the jurisdiction of the same General Management Office as the Company.
- (X) Personnel above the manager of the General Management Office.
- (XI) Companies or institutions listed as related enterprises in the information released or published by the Company.

If one of the aforesaid circumstances is found, but it can be proved that it does not have control ability or significant influence, it shall not be subject to this limitation.

- IV. Related party transaction means the transfer of resources or obligations between the related parties, with or without consideration.
- V. In order to facilitate the General Manager to handle transactions with related parties of the Company, except for those whose content and conditions are inconsistent with the execution of general transactions, within the following quota, the General Manager is authorized to determine:
  - (I) The purchase amount from related parties shall not exceed 30% of the Company's total purchase amount.
  - (II) The amount of sales to related parties shall not exceed 30% of the Company's total sales.
  - (III) The period of receipt and payment of each receivable and payable shall not exceed half a year.
- VI. For transactions between the Company and related parties, where the content and conditions of which are inconsistent with the execution of general transactions, and those beyond the authority of General Manager specified in Article 5, shall first be

reported to the Chairman for determination first, and then submitted to the board of directors for ratification. In the case of fund loans, endorsement and equity investment to related parties, the Company's relevant "Operating Procedures of Lending Funds to Others", "Endorsement Measures" and "Procedures for the Acquisition or Disposal of Assets" shall be followed.

- VII. If there is a major transaction between the Company and its related party, relevant information shall be disclosed in the notes to the financial report in accordance with the provisions of Financial Accounting Standards Bulletin No. 6.
- VIII. When the Company is required to prepare consolidated statements of parent and subsidiary companies in accordance with regulations, related party transactions that have been eliminated may not be disclosed.
- IX. When necessary, the audit unit may read and check the related party transaction data compiled and summarized by the Finance Department at any time, and directly send a letter to each transaction related party for inquiries.  
  
When the supervisors of the Company is performing its duties, if it finds that there is an abnormality in the transaction of the related party, it may request the board of directors to explain it, and report the result of its inspection to the shareholders meeting for processing.
- X. These Operating Procedures will be implemented after approval by the board of directors, and submitted to the shareholders' meeting for ratification, and the same applies when they are revised.
- XI. These Operating Procedures were adopted by the board of directors on November 10, 1994, and submitted to the interim meeting of shareholders for recognition on November 28, 1994.
- XII. These Operating Procedures were adopted by the board of directors on April 3, 2006.

Formosa Optical Technology Co., Ltd.  
Rules of Procedures for Shareholders' Meetings

1. Purpose: In order to establish a good shareholders' meeting governance system of the Company, improve the supervision functions and strengthen management functions, the rules are hereby formulated in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" for observance.
2. Scope: The main contents, operating procedures, matters that shall be specified in proceedings, announcements and other matters to be followed of the shareholders' meeting, unless otherwise provided by laws or the Articles of Incorporation, these rules shall be followed.
3. Responsible unit:
  - 3.1 Accounting Office: Responsible for the formulation and compiling of these measures.
  - 3.2 Meeting affairs unit: Responsible for the execution of the affairs of the shareholders' meeting.
4. Definition:
5. Operating content:
  - 5.1 The notice of the general meeting:
    - 5.1.1 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
    - 5.1.2 The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. 15 days before the date of the shareholders' meeting, the Company shall also prepare the meeting agenda and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
    - 5.1.3 The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder registration, and other important matters.
    - 5.1.4 The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

- 5.1.5 Elections or removal of directors, supervisors, changes of articles of incorporation, capital reduction, application for suspension of public offering, directors' competition permission, capital increase with surplus, capital increase with reserve, and dissolution, merger or division of the Company, or matters under the Company Act shall be listed and stated in the reasons for convening and shall not be put forward as interim motion; The main contents may be posted on the website designated by the securities authority or the Company, and its website shall be stated in the notice.
- 5.1.6 Where the reasons to convene the shareholders' meeting has specified the re-election of Directors and Supervisors as well as the on-board dates, after the election in the shareholders' meeting, the on-board date cannot be changed via a special motion or other means in the same meeting.
- 5.1.7 Shareholders who hold more than 1% of the total number of outstanding shares may submit motions for the regular meeting of shareholders to the Company. However, only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. However, a shareholder proposal urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the Board of Directors. In addition, when any of the circumstances provided in Article 172-1 paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- 5.1.8 The Company shall announce the acceptance of shareholders' proposals, written or electronic acceptance method, acceptance place, and acceptance period before the book closure day before the general meeting of shareholders is held; the acceptance period shall not be less than ten days.
- 5.1.9 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- 5.1.10 Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- 5.1.11 At each shareholders' meeting, the shareholder may issue a power of attorney issued by the Company, stating the scope of authorization and entrusting an agent to attend the shareholders' meeting.



- 5.1.12 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the previous proxy appointment.
- 5.1.13 After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 5.2 The principles for the holding place and time of shareholders' meeting:
- 5.2.1 The holding place of the shareholders' meeting shall be the domicile of the Company or at a place convenient for shareholders' attendance and suitable for the shareholders' meeting. The start time of the meeting shall not be earlier than 9 am or later than 3 pm. The place and time of the meeting shall take full account of the opinions of the independent directors.
- 5.2.2 The check-in time for accepting shareholders shall be at least 30 minutes before the start of the meeting; the check-in place shall be clearly marked and adequately qualified personnel shall be dispatched to handle it.
- 5.3 Attendance Signing Booklet:
- 5.3.1 Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- 5.3.2 The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- 5.3.3 The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
- 5.3.4 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 5.4 Chairman and other Attendance:
- 5.4.1 If the shareholders' meeting is convened by the Board of Directors, the Chairman shall be the Chair. When the Chairman asks for leave or is unable to exercise his/her powers

for some reason, the Chairman shall appoint one of the directors to act as an agent. If the Chairman does not appoint an agent, the directors shall jointly elect one person to act as the agent.

- 5.4.2 When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person Director that serves as chair.
  - 5.4.3 It is advisable that shareholders meetings convened by the board of directors be chaired by the Chairman of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
  - 5.4.4 If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
  - 5.4.5 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.
- 5.5 Attendance of the shareholders' meeting:
- 5.5.1 The attendance of the shareholders' meeting shall be calculated on the basis of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
  - 5.5.2 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.
  - 5.5.3 If the amount is still insufficient after the second delay in the preceding paragraph and shareholders representing more than one-third of the total number of issued shares are present, they may make a false resolution in accordance with the provisions of the Company Act, and notify each shareholder of the false resolution to convene a shareholders' meeting within one month.
  - 5.5.4 Before the end of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the Chair may make a false resolution and submit it to the shareholders' meeting for voting in accordance

with the Company Act.

5.6 Proposal discussion:

- 5.6.1 If the shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors. All relevant proposals (including interim motions and amendments to the original proposals) shall be voted on a case-by-case basis. The meeting shall be held in accordance with the scheduled agenda and shall not be changed without a resolution of the shareholders' meeting.
- 5.6.2 The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.
- 5.6.3 The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- 5.6.4 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote, and arrange a sufficient voting time.

5.7 Shareholder's statement:

- 5.7.1 Before attending shareholders' speeches, they must fill in the statement of speech, stating the main point of the speech, shareholder account number (or attendance certificate number) and account name, and the Chair shall determine the order of their speeches.
- 5.7.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- 5.7.3 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- 5.7.4 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

- 5.7.5 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.
- 5.7.6 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- 5.8 The calculation of the number of voting shares and the withdrawal system:
- 5.8.1 The voting of the shareholders' meeting shall be calculated on the basis of shares.
- 5.8.2 Shareholders have one voting right per share; but those who are restricted or have no voting rights listed in the Company Act are not limited to this.
- 5.8.3 With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- 5.8.4 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- 5.8.5 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- 5.8.6 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- 5.8.7 When the Company convenes a shareholders' meeting, shareholders may exercise their voting power in writing or by way of electronic transmission; the method of exercising their voting power shall be describes in the shareholders' meeting notice. A shareholder who exercises voting rights by correspondence or electronic means is deemed to have attended the meeting in person. However, he/she is deemed to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
- 5.8.8 A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this

restriction does not apply when a declaration is made to cancel the earlier declaration of intent.

- 5.8.9 After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made, by the same means by which the voting rights were exercised, 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- 5.8.10 Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- 5.8.11 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.
- 5.8.12 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.
- 5.8.13 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 5.9 Elections
- 5.9.1 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the list of elected directors and supervisors and the numbers of votes with which they were elected.
- 5.9.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year.

If, however, a shareholder files a lawsuit pursuant to the Company Act, the ballots shall be retained until the conclusion of the litigation.

5.10 Minutes of shareholders' meeting:

5.10.1 The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of the meeting minutes may be done in electronic form.

5.10.2 The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

5.10.3 The minutes of the meeting shall be recorded in accordance with the year, month, day, venue, name of the chairman, resolution method, key points of the proceedings, and voting results (including statistical weights) of the meeting. When directors or supervisors are elected, the votes of each candidate should be disclosed. The minutes shall be retained for the duration of the existence of the Company.

5.11 External announcement:

5.11.1 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

5.11.2 If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under GreTai Securities Market regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

5.12 Maintenance of venue order:

5.12.1 The meeting staff handling the shareholders' meeting shall wear identification cards or armbands.

5.12.2 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

5.12.3 At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

5.12.4 When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

5.13 Rest, resumption:

5.13.1 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting

temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

5.13.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

5.13.3 The shareholders' committee may, in accordance with the provisions of the Company Act, decide to postpone or resume the meeting within five days.

5.14 Depository of audio or video recordings of shareholders' meetings:

5.14.1 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

5.14.2 The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to the Company Act, the ballots shall be retained until the conclusion of the litigation.

6. These rules will be implemented after approval by the Board of Directors, and the same applies when they are revised.

7. Relevant documents: Articles of Incorporation of Formosa Optical Technology Co., Ltd.

8. Form used: None.

9. Implementation and revision history:

9.1 These measures were first formulated on June 29, 1991, and started to be implemented on the date of approval.

9.2 The first revision on June 24, 1998.

9.3 The second revision on June 28, 2002.

9.4 The third revision on March 14, 2012.

9.5 The fourth revision on March 25, 2015.

9.6 The fifth revision on June 24, 2020.

10. Operating process: None.

## Formosa Optical Technology Co., Ltd. Articles of Incorporation

## Chapter 1. General

- Article 1. The Company shall be organized in accordance with the Company Act as a company limited by shares, and named as FORMOSA OPTICAL TECHNOLOGY CO., LTD.  
The English name is determined as “FORMOSA OPTICAL TECHNOLOGY CO., LTD.”
- Article 2. The scope of business of the Company shall be as follows:
1. CB01020 Business Machine Manufacturing.
  2. CC01060 Wired Communication Equipment and Apparatus Manufacturing
  3. CC01070 Wireless Communication Equipment and Apparatus Manufacturing
  4. CC01080 Electronic Parts and Components Manufacturing.
  5. CE01030 Optical Instrument Manufacturing.
  6. F108031 Medical Apparatus Wholesale.
  7. F110020 Glasses Wholesale.
  8. F113070 Telecommunications Apparatus Wholesale.
  9. F208031 Medical Apparatus Retail.
  10. F210020 Glasses Retail.
  11. F213060 Telecom Apparatus Retail.
  12. F401010 International Trade.
  13. JZ99060 Optometry and Optician Service.
  14. IZ01010 Photocopying.
  15. IZ02010 Typing.
  16. IZ10010 Typesetting.
  17. F118010 Information Software Wholesale.
  18. F119010 Electronic Material Wholesale.
  19. I301010 Computer Software Services
  20. I301020 Data Processing Services.
  21. I301030 Digital Information Supply Services.
  22. I401010 General Advertising Services.
  23. I401020 Advertising Leaflet Distribution.
  24. JA02040 Watch Repair.
  25. F102040 Beverage Wholesale.
  26. F107030 Cleaning Supplies Wholesale.
  27. F108040 Cosmetics Wholesale.
  28. F203010 Retail of Food and Beverages.
  29. F207030 Retail of Cleaning Products.
  30. F208040 Retail of Cosmetics.
  31. F113050 Wholesale of Computing and Business Machinery Equipment.
  32. F213030 Retail Sale of Computing and Business Machinery Equipment.
  33. F399040 Storeless Retail.



34. ZZ99999 In addition to the permitted businesses, businesses that are not prohibited or restricted by laws and regulations can be operated.

Article 3. The Company is located in New Taipei City, and if necessary, the Board of Directors may decide to establish branches at home and abroad. And may act as a guarantor. The amount of the Company's external investment is not subject to the provisions of Article 13 of the Company Act that the reinvestment shall not exceed 40% of the paid-in share capital.

Article 4. The Company's announcement method shall be subject to Article 28 of the Company Act.

## Chapter 2. Shares

Article 5. The total capital of the Company is set at NT\$850 million, divided into 85 million shares at NT\$10 per share, and issued in installments.

Article 6. The Company's stocks shall all be registered, signed or stamped by the directors representing the Company, and shall be numbered, and issued after being certified by the competent authority or the issuance and registration agency certified by it in accordance with the law. May print consolidated share certificates or be exempted from printing. Shares issued in the preceding paragraph shall be registered with and placed under the custody of a centralized securities depository enterprise.

Article 7. Shareholders shall report their real names and domiciles to the Company, and fill in the seal card and send it to the Company for future reference. If the seal is lost, a guarantor is required and the loss shall be reported to the Company in writing. The Company's stock affairs shall be handled in accordance with the Company Act, Regulations Governing the Administration of Shareholder Services of Public Companies, and other relevant laws and regulations.

Article 8. In the transfer of shares, the transferor and the assignee shall file an application for the transfer of shares together with the stocks to apply for transfer to the Company until such application is published in the register of shareholders.

Article 9. In the event of loss or damage to the stocks, the provisions of the Company Act and general decrees shall be followed.

Article 10. The Company may, at the time of re-issuance of new shares, charge handling charges and stamp taxes.

Article 11. The Company shall not handle any requests for transfers of shares within 60 days prior to the shareholders meeting, 30 days prior to the special shareholders meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests.

### Chapter 3. Shareholders' Meeting

- Article 12. Shareholders' meeting comprises regular shareholders' meeting and special shareholders meeting. Regular shareholders' meeting is convened once every year, within six months after the close of each fiscal year, and a notice shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. Special shareholders' meeting shall be held when necessary, and a notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.
- The notice in the preceding paragraph shall state the meeting date, venue and reasons for convening the meeting.
- Article 13. A shareholder who is unable to attend the shareholder's meeting may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- Regulations for use of proxies for shareholder's attendance shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority, except for the provisions of Article 177 of the Company Act.
- Article 14. Shareholders meetings shall be chaired by the Chairman of the Board. When the Chairman is unable to attend the meeting, the Chairman shall appoint one of the Directors to act as chair, or, where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as chair. Where a shareholders' meeting is convened by any other person having the convening right, he or she shall act as the chair of that meeting provided, however, that if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves. The shareholders' meeting shall be handled according to the Rules of Procedures for Shareholders' Meetings.
- Article 15. A shareholder shall be entitled to one vote for each share held, except for shares which have no voting rights as specified in Article 179 of the Company Act.
- Article 16. Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When the Company holds a shareholder meeting, it may adopt exercise of voting rights by electronic means or by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.
- Article 17. The resolutions at the shareholder meeting shall be recorded in the meeting minutes, which shall bear the signature or seal of the chair, and published within 20 days after the meeting. The meeting minutes shall accurately record the year, month, day, and place of the meeting,

the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

The attendance book of the shareholders and proxy form shall be kept for at least one year. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### Chapter 4. Directors and supervisors

- Article 18. The Company shall have seven to eleven directors and three supervisors who shall be elected by the shareholders' meeting from the persons with disposing capacity, with a term of three years and may be eligible for re-election. The total registered shares owned by the directors and supervisors in the preceding paragraph shall be in accordance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".
- Article 18-1: In accordance with Article 14-2 of the Securities and Exchange Act, the Company shall appoint at least 2 independent directors, and the number shall not be less than one-fifth of the total number of directors. Appointment of directors (include independent directors) and supervisors shall be based on nomination, and appointed from the director candidate list in the shareholders' meeting. The Board of Directors shall be authorized to set the remuneration of Directors and Supervisors according to industry standard. Professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other compliance matters of the Company's directors shall be handled in accordance with the relevant regulations of the competent securities authority.
- Article 18-2: The Company's Board of Directors may establish other functional committees, and the regulations for the exercise of power shall be set by the Board of Directors. The Company's board of directors shall establish an audit committee, composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The audit committee's duties, organizational rules, exercising of authority and other matters for compliance shall be handled in accordance with the relevant laws and regulations or Articles of Incorporation.
- Article 18-3: In response to Article 14-4 of the Securities Exchange Act, the provisions of these Articles of Incorporation regarding the establishment of the Audit Committee shall start applying upon the expiration of the term of office of the directors and supervisors in 2018 and when the directors and supervisors are re-elected. From the date of establishment of the audit committee, relevant regulations with regards to supervisors in the Articles of Incorporation shall no longer be applicable.

- Article 19. In case election of Directors and Supervisors cannot be completed before the expiration of the term of office, the term of office for the existing Directors and Supervisors shall be extended until the new Directors and Supervisors elect assume office.
- Article 20. The Board of Directors shall elect a Chairman of the Board and a Vice Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The Chairman shall externally represent the Company.
- Article 21. In the case that the number of vacancies on the Board of Directors reaches one-third of the total number of Directors, or that all Supervisors are discharged, then the board of directors shall convene, within 60 days, a special shareholders' meeting to elect succeeding Directors or Supervisors to fill such vacancies; the term of office of the newly elected member shall be the same as the remaining term of the predecessor.
- Article 22. A meeting of the board of directors shall be called and chaired by the Chairman. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the chair, the Chairman shall appoint one of the directors to act as chair, or, where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.  
In the case of emergency, a meeting of the board of directors may be convened at any time. The notice of the board meeting shall be given to each director and supervisor by writing, email or fax.
- Article 23. Except where otherwise provided by the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors. If attendance in person is not possible, they may appoint another director to attend as their proxy, and give that director a written proxy stating the scope of authorization with respect to the reasons for meeting. However a proxy may accept a proxy from one person only.
- Article 24. The resolutions at the directors meeting shall be recorded in the meeting minutes, which shall bear the signature or seal of the chair, and distributed to each director within 20 days after the meeting. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company. The attendance book of the directors and proxy form shall be kept for at least one year.
- Article 25. In addition to performing duties according to laws and regulations, supervisors may attend the meeting of the board of directors to express their opinions with no right to vote.
- Article 26. Directors and Supervisors of the Company shall be entitled to remuneration for their duties

regardless of profit or loss. The Board of Directors is authorized to determine the remuneration within the standards for maximum salaries established in the Company's Remuneration Policy based on the level of their participation in the Company's operations and the value of their contribution. The Company's profit distribution shall be handled in accordance with Article 31. The Board of Directors shall be authorized to determine the amount of liability insurance to be purchased for all Directors and Supervisors.

## Chapter 5. Manager and Staff

- Article 27. The Company may have one General Manager and several Deputy General Managers and Assistant Managers, who shall be appointed and removed by the board of directors with the approval of more than half of all directors, but the appointment and removal of Deputy General Managers and Assistant Managers shall be nominated by the General Manager.
- Article 28. The Company may employ consultants or key employees with the approval of the Board of Directors.
- Article 29. Appointment and discharge of the Company's other employees shall be by the general manager, and submitted to the board of directors for future reference.

## Chapter 6. Final Settlement

- Article 30. Upon the close of each fiscal year, the board of directors shall prepare various reports and financial statements, submit them to the supervisors for inspection 30 days prior to the shareholders' meeting, and then to the shareholders' meeting for ratification: I. Business Report II. Financial Statements. III. Proposal for Profit Distribution or Loss Appropriation.
- Article 31. In case the Company makes profit during a financial year, no less than 1% of the said profit shall be set aside for employee compensation. The board of directors shall determine whether to issue the compensation in stocks or cash. Recipients of the said compensation shall include Company employees that satisfy specific criteria. The Company permits the board of directors to set aside no more than 3% of the sum of the aforementioned profit as director and supervisor compensation. Proposals for the distribution of employees' compensation as well as directors and supervisors' compensation shall be submitted to the shareholders' meeting and presented accordingly. However, the Company's accumulated losses shall have been covered before setting aside an amount as employees' compensation and directors and supervisors remuneration according to the ratio in the preceding paragraph.
- Article 31-1: For surplus after the close of the fiscal year, the Company shall, in accordance with the law, set aside 10% as legal reserve after its taxes have been paid and losses covered. However, when the legal reserve amounts to the Company's paid-in capital, this shall not apply, and the rest may be appropriated or reversed to special reserve according to the laws and regulations. The Board of Directors shall prepare a profit distribution proposal

for any remainder, together with the undistributed earnings, and submit to the shareholders' meeting for resolution of distribution of dividends and bonuses. The Company's dividend policy is in line with current and future development plans, and takes into consideration investment environment, capital requirements, domestic and overseas competition, and shareholders interest. Not less than 20% of distributable earning may be distributed as dividend and bonus per year. However, there shall be no distribution if the distributable earning is less than 70% of paid-up capital. Dividends and bonuses may be distributed in cash or stock, where cash dividend shall not be less than 10% of the total dividends.

## Chapter 7. Supplementary Provisions

- Article 32. The Company's organizational rules and administrative regulations shall be prescribed by the Board of Directors.
- Article 33. Matters not covered in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and other relevant laws and regulations.
- Article 34. The Articles of Incorporation, and any amendments hereto, shall be implemented after adoption by shareholders meetings and approval from the administration.
- Article 35. The Articles of Incorporation was established on October 19, 1989.  
The 1st amendment was made on June 9, 1990.  
The 2nd amendment was made on March 13, 1991.  
The 3rd amendment was made on June 8, 1991.  
The 4th amendment was made on April 23, 1993.  
The 5th amendment was made on October 1, 1993.  
The 6th amendment was made on June 21, 1994.  
The 7th amendment was made on November 28, 1994.  
The 8th amendment was made on May 16, 1996.  
The 9th amendment was made on June 24, 1997.  
The 10th amendment was made on June 24, 1998.  
The 11th amendment was made on November 10, 1998.  
The 12th amendment was made on June 24, 1999.  
The 13th amendment was made on September 1, 1999.  
The 14th amendment was made on June 23, 2000.  
The 15th amendment was made on March 27, 2001.  
The 16th amendment was made on November 16, 2001.  
The 17th amendment was made on November 16, 2001.  
The 18th amendment was made on June 28, 2002.  
The 19th amendment was made on June 28, 2004.  
The 20th amendment was made on June 24, 2005.  
The 21st amendment was made on June 27, 2006.

The 22nd amendment was made on June 25, 2010.

The 23rd amendment was made on June 24, 2011.

The 24th amendment was made on June 27, 2012.

The 25th amendment was made on June 26, 2013.

The 26th amendment was made on June 22, 2015.

The 27th amendment was made on June 22, 2016.

The 28th amendment was made on June 24, 2020.

Formosa Optical Technology Co., Ltd.  
Procedures for Acquisition or Disposal of Assets

I. Purpose

These Procedures are formulated to safeguard assets and ensure information openness. The acquisition or disposal of assets by the Company shall be subject to the provisions of the Processing Procedures.

II. Legal basis

These processing procedures are formulated in accordance with the provisions of Article 36-1 of the Securities Exchange Act (hereinafter referred to as the “Act”) and the “Standards for Disposing of Assets Acquired or Disposed of by Public Companies” issued by the Securities and Futures Bureau, Financial Supervisory Commission.

Public companies shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another law or regulation provides otherwise, such provisions shall govern. However, if it is otherwise provided in financial-related laws and regulations, those provisions shall prevail.

III. Scope of application

The scope of assets referred to in these processing procedures is as follows:

- (I) Investments in stocks, public bonds, corporate bonds, financial bonds, marketable securities of commending funds, depositary receipts, subscription (sale) warrants, beneficiary securities, and asset-based securities.
- (II) Real estates (including inventory of land, houses and buildings, investment real estate, and construction industry) and equipment.
- (III) Memberships.
- (IV) Patents, copyrights, trademarks, franchise rights and other intangible assets.
- (V) Right-of-use assets.
- (VI) Creditor’s rights of financial institutions (including receivables, foreign exchange discounts and loans, and collections).
- (VII) Derivative commodities.
- (VIII) Assets acquired or disposed of through merger, division, acquisition, or share transfer in accordance with laws.
- (IX) Other important assets.

IV. The terms used in these Standards are defined as follows:

- (I) Derivative commodities: refer to forward contracts and option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of the above contracts, or combined contracts embedded in derivative commodities or structured commodities, etc., whose value is derived from a specific interest rate, financial instrument price, commodity price, exchange rate, price or rate index, credit rating or credit index, or other variables. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sales) contracts.
- (II) Assets acquired or disposed of by merger, division, acquisition, or share receipt in



accordance with laws: refer to assets acquired or disposed of by merger, division, or acquisition in accordance with the Corporate Merger and Acquisition Act, the Financial Holding Company Act, the Financial Institution Merger Act, or other laws, or the issuance of new shares in accordance with Article 156-3 of the Company Act to receive shares of other companies (hereinafter referred to as “Share Receipt”).

- (III) Related parties and subsidiaries: shall be identified in accordance with the Financial Report Preparation Standards of the securities issuer.
- (IV) Professional appraisers: refer to real estate appraisers or other persons who are legally permitted to engage in real estate and equipment appraisal business.
- (V) Fact occurrence date: refers to the transaction signing date, payment date, entrusted transaction date, transfer date, board resolution date, or other day when the transaction object and transaction amount are fully determined, whichever the earlier. However, with investments that require the approval of the competent authority, the earliest of the above dates or the date of receipt of approval by the competent authority shall apply.
- (VI) Investment in mainland China: refers to investment in mainland China conducted in accordance with the regulations issued by the Investment Board, Ministry of Economic Affairs regarding the investment or technical cooperation investment or technical cooperation licensing in mainland China.
- (VII) Those who specialize in investment: refer to financial holding companies, banks, insurance companies, bill finance companies, trust companies, securities firms operating self-operated or underwriting businesses, futures dealers operating self-operated businesses, securities investment trust businesses, securities investment consulting businesses and fund management companies established in accordance with laws and regulations and regulated by local financial authorities.
- (VIII) Stock exchanges: domestic stock exchanges, refer to the Taiwan Stock Exchange Co., Ltd.; foreign stock exchanges, refer to any organized securities exchange regulated by the country’s securities authority.
- (IX) Business premises of securities dealers: business premises of domestic securities dealers, refer to the premises where securities dealers set up counters for trading in accordance with the Regulations on the Administration of Securities Dealing in Securities Dealers’ Business Premises; business premises of foreign financial institutions, refer to the business premises of financial institutions regulated by competent foreign securities authority and may operate securities business.

- V. The valuation report or the opinions of accountants, lawyers or securities underwriter obtained by the Company, the professional appraiser and its appraising personnel, accountants, lawyers or securities underwriters shall comply with the following requirements:
- (I) They have not previously received a final and non-appealable sentence of imprisonment for one year or more for a violation of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of

probation, or grant of a pardon.

- (II) They shall 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, such professional appraisers or appraisal officers shall not be related parties or de facto related parties of each other.

The professionals referred to in the preceding paragraph shall comply with the following provisions when preparing and issuing an appraisal report or opinion letter:

- (I) Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.
- (II) When working on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the working papers.
- (III) They shall conduct an item-by-item evaluation on the completeness, accuracy, and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.
- (IV) They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, 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.

- VI. Where the acquisition or disposal of assets by the Company shall be approved by the Board of Directors in accordance with the provisions of these procedures or other laws, and there is a director expressing an objection and having a record or written statement, the Company shall also send the objection of the director to each supervisors.

When the Company has established independent directors and submits the asset acquisition or disposal transaction to the Board of Directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting. After the Company has established an Audit Committee, major interest rate asset or derivative commodity transactions that need to be approved by the Board of Directors shall be approved by more than half of all members of the Audit Committee, and be submitted to the Board of Directors for resolution.

If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit Committee shall be stated in the minutes of the board meeting.

All members of the Audit Committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be calculated based on actual persons in office.

- VII. The limit for acquiring real estate and its right-of-use assets or marketable securities that are not for business use

- (I) The limit for the Company to acquire real estate and its right-of-use assets or marketable securities that are not for business use is as follows:

1. The total amount of real estate and its right-of-use assets purchased not for business use

shall not exceed 80% of the net value of the Company's latest financial statements.

2. The total amount of investment in marketable securities shall not exceed 100% of the net value of the Company's latest financial statements.
3. The amount of investment in individual marketable securities shall not exceed 80% of the net value of the Company's latest financial statements.

(II) The limit for the subsidiaries of the Company to acquire real estate and its right-of-use assets or marketable securities that are not for business use is as follows:

1. The total amount of real estate and its right-of-use assets purchased not for business use shall not exceed 30% of the net value of the subsidiary's latest financial statements.
2. The total amount of investment in marketable securities shall not exceed 100% of the net value of the subsidiary's latest financial statements.
3. The total investment amount of the individual securities shall not exceed 100% of such subsidiary's net value stated in the latest financial statements.

## VIII. Evaluation and operating procedures for obtaining or disposing of marketable securities

(I) The method and reference basis for determining the price

To acquire or dispose of marketable securities, the most recent financial statement of the target company that has been verified by CPAs or reviewed by CPAs shall be taken as a reference for assessing the transaction price before the occurrence of the fact:

1. Acquiring or disposing of securities that have been traded in a centralized trading market or a securities dealer's business premises shall be determined according to the prevailing market price.
2. When acquiring or disposing of securities that are not traded in a centralized trading market or a securities firm's business premises, the net value per share, profitability, future development potential, market interest rate, nominal interest rate of bond, debtors' credit and the transaction price then shall be considered.

(II) Invite experts to provide opinions

Those who obtain or dispose of marketable securities with a transaction amount reaching 20% of the Company's paid-in capital or NT\$300 million or more shall contact CPAs for presentation of opinions on the reasonableness of the transaction price before the occurrence of the fact. If CPAs need to use an expert report, they shall comply with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of Taiwan (hereinafter referred to as the "ARDF"). However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations announced by the Financial Supervisory Commission.

Where assets are acquired or disposed of through the court auction procedure, the certification documents issued by the court may substitute for the CPAs' opinions.

(III) Authorization quota and level

1. Acquisition or disposal of marketable securities that have been traded in a centralized trading market or a securities firm's business premises, whose transaction amount is less than NT\$80 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; if the transaction amount exceeds NT\$80 million, it must be approved by the Board of Directors.

2. Acquisition or disposal of marketable securities that are not traded in the centralized exchange market or the business premises of securities firms must be approved by the Board of Directors, but the Board of Directors may authorize the Chairman to make a decision within NT\$50 million, and then report to the Board of Directors for ratification afterwards.

(IV) Execution unit

For the acquisition and disposal of long-term and short-term securities investments by the Company, the execution unit shall be the financial department.

(V) Transaction process

The transaction process for the acquisition or disposal of marketable securities by the Company shall be subject to the internal control system of the Company - investment cycle related operation regulations.

IX. Evaluation and operating procedures for acquiring or disposing of real properties, equipment or right-of-use assets

(I) The method and reference basis for determining the price

To obtain or dispose of real estate, equipment or its right-of-use assets, the original user unit or relevant responsible unit shall sign an explanation, and the asset management unit shall refer to the present announcement value, assessed value, actual transaction price of neighboring real estate, recent transaction price of similar assets, etc., so as to choose one from price comparison, price negotiation or bidding.

(II) Engage in experts to issue an evaluation report

When acquiring or disposing of real estate, equipment or its right-of-use assets, except for transactions with domestic government agencies, self-owned land and commissioned construction, leased land and commissioned construction, or acquisition or disposal of equipment or its right-of-use assets for business use, if the transaction amount reaches 20% of the paid-up capital of the Company or more than NT \$300 million, the appraisal report issued by a professional appraiser shall be obtained prior to the occurrence of the actual transaction and the following provisions shall be met:

1. When a limited price, a specific price or a special price must be used as the reference basis for the transaction price due to special reasons, the transaction shall first be submitted for approval by the Board of Directors; the same shall apply if there are subsequent changes in the trading conditions.
2. If the transaction amount is more than NT\$1 billion, please engage with two or more professional appraisers for valuation.
3. In case of any of the following circumstances on the part of the valuation results of professional appraisers, except that the valuation results of the acquired assets are higher than the transaction amount, or the valuation results of the disposed assets are lower than the transaction amount, the CPAs shall be contacted to handle according to the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation, and specific opinions shall be expressed on the reasons for the difference and the fairness of the transaction price:
  - (1) The difference between the valuation result and the transaction amount exceeds 20% of

the transaction amount.

(2) The difference between the valuation results of two or more professional appraisers exceeds 10% of the transaction amount.

4. The period between the issued date of the appraisal report and the establishment of the contract shall be no more than 3 months. However, if it is applicable to the present value of the announcement in the same period and is no more than six months, the original professional appraiser may issue an opinion.

Where assets are acquired or disposed of through the court auction procedure, the certification documents issued by the court may substitute for the valuation report.

(III) Authorization quota and level

Acquisition or disposal of real properties, equipment or right-of-use assets, whose transaction amount is less than NT\$50 million (inclusive), it must be signed within the Company and submitted to the General Manager and Chairman for approval; if the transaction amount exceeds NT\$50 million, it must be approved by the Board of Directors.

(IV) Execution unit

The Company's execution units responsible for the acquisition and disposal of real property, equipment or right-of-use assets are the usage units and related authorized units.

(V) Transaction process

The transaction process for the acquisition or disposal of real properties, equipment or right-of-use assets by the Company shall be subject to the internal control system of the Company - fixed asset cycle related operation regulations.

X. Procedures for evaluating and operating related party transactions

For acquisition or disposal of assets, the Company and its related parties shall, in addition to following the provisions of the preceding article, handle the relevant resolution procedures and evaluate the reasonableness of transaction conditions in accordance with the following provisions. Where the transaction amount exceeds 10% of the Company's total assets, a valuation report or accountant's opinion issued by a professional appraiser shall also be obtained in accordance with the provisions of the preceding article. In addition, when judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship shall also be considered.

(I) For acquiring or disposing of real property or its right-to-use assets from a related party, or acquiring or disposing of assets other than real property with related parties, whose transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million, in addition to buying and selling domestic government bonds, bonds subject to repurchase or sell-back conditions, and subscribing or repurchasing monetary market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Board of Directors for approval and to the supervisors for ratification before signing the transaction contract and paying the amount:

1. The purpose, necessity and expected benefits of acquiring or disposing of assets.
2. Reasons for selecting the related party as the transaction partner.
3. Obtain real estate or its right-of-use assets from related parties, and evaluate the reasonableness of the predetermined transaction conditions in accordance with the

provisions of paragraphs 2 and 3 of item 1 of this article.

4. The original acquisition date and price of the related party, the transaction partner and its relationship with the Company and the related party, etc.
5. The forecast of cash receipts and expenditures for each month in the coming year starting from the contract month, and evaluate the necessity of transactions and the rationality of fund utilization.
6. Appraisal reports issued by professional appraisers obtained in accordance with paragraphs 2 and 3 of item 1 of this article, or accountants' opinions.
7. Restrictions on this transaction and other important agreements.

The calculation of the transaction amount of this paragraph shall be subject to the first paragraph of Article 16, and the said one-year period is based on the day when the transaction facts occurred, and one year has been retrospectively calculated to avoid the part that have been submitted to and adopted by the Board of Directors and to the supervisors for ratification according to these procedures to be counted in again.

When the Company and its subsidiaries, or its subsidiaries that it directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions, the Board of Directors may authorize the Chairman to make decisions in advance within a certain amount in accordance with Article 9, Item 1, paragraph 3, and then report it to the most recent board meeting for ratification afterwards:

- (1) acquisition or disposal of equipment or right-of-use assets for business use.
- (2) acquisition or disposal of real property for business use.

When the Company has established independent directors and reports to the Board of Directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting.

If the Company has established an Audit Committee, matters subject to recognition by the supervisors in accordance with the Item 1 shall first be agreed by more than half of all the members of the Audit Committee, and be submitted to the Board of Directors for resolution.

If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit Committee shall be stated in the minutes of the board meeting.

All members of the Audit Committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be calculated based on actual persons in office.

(II) Assessment of the reasonableness of transaction costs

1. To obtain real estate or its right-of-use assets from related parties, the reasonableness of transaction costs shall be assessed according to the following methods:
  - (1) The transaction price of the related party plus the necessary capital interest and the cost that the buyer shall bear according to law. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, however, that it may not be higher

than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- (2) If the related party has set up a mortgage borrower from a financial institution with the subject matter, the financial institution's total loan assessment value of the subject matter, provided that the actual cumulative value of the subject matter lent by the financial institution shall be more than 70% of the appraised value of the loan and the lending period has exceeded one year. This shall not apply if the financial institution is a related party of one of the trading counterparties.
  2. Those who purchase or lease the same subject land and housing together may evaluate the transaction cost of the land or housing according to any of the methods listed in 1.
  3. Acquire real estate or its right-of-use assets from related parties, evaluate the cost of the real estate or its right-of-use assets in accordance with the preceding two paragraphs, and contact the CPAs for review and expressing specific opinions.
  4. The acquisition of real estate or its right-of-use assets from related parties in one of the following circumstances shall be subject to the first paragraph of item 1 of this article, and the provisions of the preceding 1. to 3. shall not apply.
    - (1) The related party acquired the real estate or its right-of-use assets due to inheritance or gift.
    - (2) It has been more than five years since the related party contracted to acquire the real property or its right-of-use assets.
    - (3) The real estate was acquired by signing a joint construction contract with the related party, or by entrusting the related party to build real estate through commissioned construction on self-owned land or leased land.
    - (4) Between the public offering company and its parent company and subsidiary, or between its subsidiaries that it directly or indirectly holds 100% of the outstanding shares or total capital, the real estate right-of-use assets for business use were acquired.
- (III) When the evaluation results according to the preceding paragraphs 1. and 2. are both lower than the transaction price, it shall be subject to the provisions of paragraph 4 of item 1 of this article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
1. The related party constructs on the plain land or leased land, and it needs to prove that it meets one of the following conditions:
    - (1) By evaluating the plain land according to the method specified in the second paragraph, the sum of the related-party construction cost of the housing plus reasonable construction profit exceeds the actual transaction price. The term "reasonable construction profit" shall be 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) Other non-related party transaction cases on other floors of the same subject

premises or neighboring areas within one year, the areas of which are similar, and the transaction conditions are equivalent after evaluation of reasonable floor or area price differences according to real estate trading or leasing practices.

- (3) Other non-related party leasing cases on other floors of the same subject premises within one year, the transaction conditions of which are estimated to be equivalent according to the reasonable floor price difference due under the real estate leasing practices.

2. Proof of the real estate purchased from the related party or right-of-use assets of real estate leased from the related party, the transaction conditions of which are comparable to and the area is similar to other non-related party transaction cases in the neighboring area within one year.

The so-called transaction cases in neighboring area shall be those in the same or adjacent block no more than 500 meters to the subject matter of transaction or close to the announced present value; if the said areas are similar, the area of other non-related party transaction cases shall not be less than 50% of the area of the subject matter of the transaction; the said within one year shall be one year before the date of the acquisition of the real estate or its right-of-use assets.

- (IV) When acquiring real property or its right-to-use asset from a related party, if the evaluation result according to the aforementioned second and third paragraphs is lower than the transaction price, the following matters shall be handled:

1. Concerning the difference between the transaction price of real property or its right-to-use assets and the evaluation cost, a provision of special surplus reserve shall be made in accordance with Article 41, Item 1 of the Securities Exchange Act, and shall not be distributed or transferred for capital increase and share allotment. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 41, Item 1 of the Securities and Exchange Act.
2. The supervisors shall be subject to Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
3. The handling of 1. and 2. shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and public prospectus. If a special surplus reserve has been set aside in accordance with the foregoing provisions, such special surplus reserve shall not be used until the loss or disposition of the assets purchased or leased at a high price has been recognized or for appropriate compensation or restoration, or if other evidence determines that it is not reasonable, and the consent of the FSC has been obtained.

- (V) If the Company acquires real property or its right-of-use assets from related parties, where there is other evidence showing that the transaction is not in accordance with business practices, it shall also be subject to the provisions of paragraph 4.

- XI. Evaluation and operating procedures for acquiring or disposing of intangible assets or their right-of-



use assets

(I) The method and reference basis for determining the price

In acquiring or disposing of intangible asset or right-of-use assets thereof or membership, future benefits of the asset and fair market value shall be taken into consideration. Expert opinion may be consulted and negotiation with the trading counterparty may be needed when necessary.

(II) Invite experts to provide opinions

1. When acquiring or disposing of membership certificates with a transaction amount reaching 1% of the Company's paid-in capital or NT\$3 million or more, experts shall be invited to issue a valuation report before the occurrence of the fact, with an exception of transactions with government agencies.
2. When acquiring or disposing of intangible assets or their right-of-use assets, if the transaction amount reaches 10% of the paid-up capital of the Company or is more than NT\$20 million, experts shall be invited to issue a valuation report before the occurrence of the fact, with an exception of transactions with government agencies.
3. When acquiring or disposing of intangible assets or its right-of-use assets or membership cards with a transaction amount reaching 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with Taiwan's government agencies, before the actual occurrence of the fact, the CPAs shall be invited to express opinions on the reasonableness of the transaction price, who shall comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.

(III) Authorization quota and level

1. When acquiring or disposing of membership cards with a transaction amount no more than NT\$3 million, it must be signed within the Company and submitted to the Chairman for approval; if the transaction amount exceeds NT\$3 million, it must be approved by the Board of Directors.
2. When acquiring or disposing of intangible assets or their right-of-use assets, whose transaction amount is no more than NT\$20 million, it must be signed within the Company and submitted to the Chairman for approval, and shall be reported to the latest Board of Directors; if the transaction amount exceeds NT\$20 million, it must be approved by the Board of Directors.

(IV) Execution unit

The execution units of the Company regarding the acquisition and disposal of intangible assets or their right-of-use assets or membership certificates are the financial department, management unit and relevant responsible units.

(V) Transaction process

The transaction process for the acquisition or disposal of intangible assets or their right-of-use assets or membership certificates by the Company shall be subject to the internal control system of the Company - purchase cycle related operation regulations.

XII. The calculation of the transaction amount of the preceding four articles shall be subject to paragraph 1 of Article 16, and the said one-year period is based on the day when the transaction

facts occurred, and one year has been retrospectively calculated to avoid the valuation report issued by a professional appraiser or the opinion of an accountant which has been obtained in accordance with these procedures to be counted in again.

XIII. Evaluation and operating procedures for obtaining or disposing of creditor's rights of financial institutions

In principle, the Company does not engage in the acquisition or disposal of creditor's rights of financial institutions. If it intends to engage in the acquisition or disposal of creditor's rights of financial institutions in the future, it will report to the Board of Directors for approval before formulating relevant evaluation and operating procedures.

XIV. Evaluation and operating procedures for obtaining or disposing of derivative commodities

(I) Transaction principles and policies

1. Types of transactions

The nature of the Company's derivatives transactions is divided into two categories: "Non-trading" (hedging transactions that are not for trading purposes) and "trading" (non-hedging transactions that are not for trading purposes).

The types of derivative commodities that the Company may engage in mainly focus on avoiding the risk positions of exchange rate and interest rate arising from the business operations of the Company and its subsidiaries.

2. Operation or hedging strategy

The Company engages in derivatives transactions with the purpose of hedging risks. Trading commodities are chosen primarily to hedge risks arising from the Company's business operations. The Company's trading partners engaged in derivative commodity transactions should choose financial institutions with better conditions to engage in hedging transactions in accordance with the company's operational needs to avoid credit risk.

3. Division of responsibilities

When the Company is engaged in derivative commodity transaction, the responsibilities of each unit are divided as follows:

- (1) Purchasing unit: Responsible for the formulation of operational strategies related to commodity futures trading, and conducting various transactions in accordance with the authorized permission.
- (2) Financial department: Responsible for the formulation of operational strategies for derivative commodities other than commodity futures, and conducting various transactions in accordance with the authorized permission.
- (3) Accounting unit: Responsible for the accounting treatment of derivative commodity trading, the preparation of accounting statements, and the summary of periodic data.
- (4) Auditing unit: Understand the appropriateness of internal control such as the division of responsibilities and operating procedures, and checking the compliance of the transaction unit with these Processing Procedures.

If the Company is engaged in derivative commodity transactions for "non-trading" purposes, it shall conduct transactions in accordance with the following authorized permission:

Level	Amount of each contract	Net position
Board of Directors	Above US\$ 1 million	Above US\$ 3 million
Report to the latest board meeting for ratification after the chairman's approval	Below US\$1 million (inclusive)	Below US\$3 million (inclusive)
Chairman	Below US\$500 thousand (inclusive)	Below US\$500 thousand (inclusive)
General manager	Below US\$100 thousand (inclusive)	Below US\$100 thousand (inclusive)

If the Company is engaged in derivative commodity transactions for "trading" purposes, it shall conduct such transaction in accordance with the following authorized permission:

Level	Amount of each contract	Net position
Board of Directors	Above US\$ 1 million	Above US\$ 3 million
Report to the latest board meeting for ratification after the chairman's approval	Below US\$1 million (inclusive)	Below US\$3 million (inclusive)

#### 4. Performance evaluation

- (1) "Non-trading" derivative commodities: According to the types of traded commodities, the financial department will use the realized net profit and loss as the basis of performance evaluation after the closing of each contract expiration trading day, and then compare the profit and loss performance and review regularly according to the set trading target and submit it to the Chairman for review.
- (2) "Trading" derivative commodities: The financial department uses the actual profit and loss position of the realized position as the basis for performance evaluation. The net profit/loss and total amount of the unrealized position is settled day by day as a reference for performance evaluation.

#### 5. Total amount of contract

When the Company is engaged in derivative commodity transaction, the total contract limits are as follows:

- (1) Total amount of non-trading transaction contracts
  - I. Two-thirds of the estimated risk position from the operation for the whole year.
  - II. Two-thirds of the estimated capital expenditure position.
  - III. Two-thirds of other estimated income or expenditure positions.
- (2) Total amount of trading transaction contracts  
Up to 20% of the net worth of the Company.

#### 6. Loss ceiling

- (1) For "non-trading" and "trading" derivative commodity transaction contracts, after the position is established, a stop-loss point shall be established to prevent excessive losses, and the stop-loss point shall not exceed 3% of the value of the trading contract; If the amount of loss exceeds 3% of the transaction value, it shall be immediately reported to the Chairman and to the Board of Directors to discuss the necessary countermeasures.
- (2) For the operation of derivative commodities of the Company, the upper limit for annual loss is US\$500,000.

(II) Risk management measures

1. Risk management scope

- (1) Credit risk management - The target of transactions shall be domestic and foreign financial institutions with good credit, which can provide professional information. The head of financial department shall be responsible for controlling the transaction quota of the financial institutions, which shall not be excessively concentrated, and for adjusting the transaction quota of the financial institutions at any time in accordance with changes in market conditions.
  - (2) Market risk management - Choose a market where quotation information can be fully disclosed.
  - (3) Liquidity risk management - In order to ensure liquidity, the financial institution that trades must have sufficient equipment, information and trading capabilities, and be able to trade in any market.
  - (4) Cash flow risk management - In order to ensure the stability of the Company's working capital turnover, the source of funds for the Company to engage in derivative commodity transactions is limited to its own funds, and its operating amount should take into account the foreseen capital needs for cash receipts and expenditures of the next three months.
  - (5) Operational risk management - The authorized limits, operation procedures and other regulations set by the Company shall be strictly abode by to avoid operational risks.
  - (6) Legal risk management - Any documents signed with financial institutions must be reviewed by the Legal Department before they can be formally signed to avoid legal risks.
2. The personnel engaged in the transaction of derivative commodities and the confirmation, delivery and other operation personnel shall not concurrently serve in each other's post.
  3. The risk measurement, supervision and control personnel shall belong to different departments from the personnel mentioned in the preceding paragraph, and shall report to the Board of Directors or to senior executives who are not responsible for making decisions on transactions or positions.
  4. The positions held by the derivative commodity exchange shall be evaluated regularly by the method provided in 1. of Paragraph 4 of item 1 of this article.

(III) Internal audit system

The Company's internal auditors shall regularly make clear the adequacy of the internal control of derivative commodity transactions, and audit the transaction department's compliance with the processing procedures for derivative commodity transactions on a monthly basis, and prepare an audit report. If a major violation is found, the supervisors shall be notified in writing.

Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors.

If an Audit Committee has been set up in accordance with the provisions hereof, the second

item for supervisors shall be used by the Audit Committee.

(IV) Regular evaluation methods and handling of abnormal situations

1. The positions held for derivative commodity trading shall be evaluated at least once a week, provided that the hedging trading for business demand shall be evaluated at least twice a month, and the evaluation report shall be sent to a senior executive authorized by the Board of Directors.
2. The Board of Directors shall authorize senior executives to regularly supervise and evaluate whether the current risk management measures are appropriate, whether the derivative commodity trading operations are actually subject to regulations, and whether the performance of the derivative commodity trading conforms to the established business strategy, and whether the risks assumed are within the scope of the Company's tolerance. If any abnormality is found, necessary countermeasures shall be taken and report shall be made to the Board of Directors immediately.

(V) Supervision and management of the Board of Directors

1. When the Company engages in derivative commodity transactions, the Board of Directors shall faithfully supervise and manage according to the following principles:
  - (1) Designated senior executives shall always pay attention to the supervision and control of derivative commodity transaction risks.
  - (2) Regularly assess whether the performance of engaging in derivative commodity transactions conforms to the established business strategy and whether the risks assumed are within the scope of the Company's tolerance.
2. The senior executives authorized by the Board of Directors shall manage the trading of derivative commodities in accordance with the following principles:
  - (1) Regularly assess whether the currently used risk management measures are appropriate, and strictly follow the "Standards for Disposing of Assets Acquired or Disposed of by Public Companies" of the SFI and these processing procedures.
  - (2) Monitor the trading and profits/losses. If any abnormality is found, necessary countermeasures shall be taken and report shall be made to the Board of Directors immediately. The Board of Directors shall have independent directors present and express their opinions.
3. If the Company engages in derivative commodity transactions and authorize relevant personnel to handle them in accordance with the provisions of these Processing Procedures, it shall be reported to the latest Board of Directors afterwards.

(VI) When the Company is engaged in derivative commodity transactions, it shall establish reference books, and record the types and amounts of derivative commodity transactions engaged in, the date of approval by the Board of Directors, and the items that shall be carefully evaluated in accordance with Item 1, paragraph 4.1, paragraph 5.1(2) and 5.2(1) of this Article in the book in details for future reference.

(VII) If the public offering company does not intend to engage in derivative commodity transaction, it may report to the Board of Directors for approval and obtain the exemption from formulating the processing procedures for engaging in derivative commodity transactions. If it subsequently wishes to engage in derivatives trading, it will still be required

first to comply with the provisions of the preceding article and the preceding paragraph before doing so.

- XV. Evaluation and operating procedures for handling mergers, divisions, acquisitions or share transfers
- (I) The method and reference basis for determining the transaction price  
When the Company handles mergers, divisions, acquisitions, or share receipts, it shall comprehensively consider and refer to the past and future financial and business conditions, the expected future benefits, the fair way the market determines the transaction price, and refer to professional opinions of accountants, lawyers or securities underwriters, so as to negotiate the prices with the counterparts participating in the merger, division, acquisition or share receipt.
  - (II) Invite experts to provide opinions  
When the Company handles mergers, divisions, acquisitions, or share receipts, it shall engage with accountants, lawyers or securities underwriters before holding board meeting for resolution to express opinions on the proportion of share exchange, the purchase price, or the rationality of cash or other property allocated to shareholders, and to submit to the Board of Directors for discussion and approval. Providently, the merger of the Company and subsidiaries that the Company directly or indirectly holds 100% of the issued shares or the total capital, or the merger of subsidiaries that the Company directly or indirectly holds 100% of the issued shares or the total capital, may be exempted from engaging with the aforesaid experts to issue reasonable opinions.
  - (III) Decision-making level  
The Company shall handle all decisions pertaining to mergers and splits, splits, acquisitions, and assignment of shares in accordance with the Company Act and relevant regulations.
  - (IV) Submission of relevant information and disclosure of information when it cannot be approved by the shareholders' meeting
    1. When the Company handles mergers, splits or acquisitions, it shall prepare a public document to shareholders prior to the meeting of shareholders regarding the important agreed content and related matters of the mergers, splits or acquisitions, and shall submit them to shareholders altogether with the expert opinions and the notice of meeting of shareholders in paragraph 2 of item 1 of this article as a reference for whether to approve the mergers, splits or acquisitions. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.
    2. For companies participating in mergers, splits or acquisitions, if the shareholders' meeting of either party cannot be convened, resolved, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, insufficient voting rights or other legal restrictions, the companies participating in the mergers, splits or acquisitions shall immediately publicly explain the reasons for the occurrence, subsequent processing operations and the expected date of the shareholders' meeting.
  - (V) Meeting date of the Board of Directors and shareholders' meeting
    1. When the Company handles mergers, splits or acquisitions, unless otherwise stipulated by other laws or special factors have been approved by the Securities & Futures

Institute in advance, the board meeting and the meeting of shareholders shall be held on the same day as the companies participating in the mergers, splits or acquisitions to resolve matters related to mergers, splits or acquisitions.

2. When the Company handles share receipts, unless otherwise stipulated by other laws or special factors have been approved by the Securities & Futures Institute in advance, the board meeting and the meeting of shareholders shall be held on the same day as the companies participating in the share receipts.

(VI) Confidentiality obligation and evasion of insider trading

Anyone who participates in or is aware of the Company's merger, division, acquisition or share receipt plan shall issue a written confidentiality commitment. Before the information is released, the content of the plan shall not be disclosed to the outside, nor shall they trade the stocks of all enterprises related to the merger, division, acquisition or share receipt and other marketable securities with the nature of equity in the name of his/her own or others.

(VII) Principles for the change of share conversion ratio or purchase price

When the Company participates in mergers, splits, acquisitions, or share receipts, except for the following circumstances, the exchange rate or purchase price shall not be changed arbitrarily, and the possible changes shall be stipulated in the merger, division, acquisition or share receipt contract:

1. Handling capital increase with cash, issuance and conversion of corporate bonds, gratuitous allotment, issuance of corporate bonds with warrants, special stocks with warrants, warrants and other securities with the nature of equity.
2. Disposal of the Company's major assets and other actions that affect the Company's financial business.
3. The occurrence of major disasters, major technological changes, and other events that affect the rights and interests of the Company's shareholders or the prices of securities.
4. Any party participating in the merger, division, acquisition or share receipt buys back treasury shares in accordance with the law.
5. Change in the entity or number of entity participating in mergers, divisions, acquisitions, or share receipts.
6. Other conditions that can be changed as specified in the contract and have been disclosed to the public.

(VIII) Matters that shall be stated in the contract

When the Company participates in mergers, splits, acquisitions or share receipts, the contract shall specify the rights and obligations of the companies participating in the mergers, splits, acquisitions or share receipts, and shall specify the following:

1. Handling of breach of contract.
2. Principles for the disposal of outstanding equity marketable securities or purchased treasury shares of the Company reduced or split due to merger.
3. The amount and disposal principle of the treasury shares that the participating company can buy back lawfully after the base date for calculating the share conversion ratio.
4. Method of disposing of the increase or decrease in the number of participating entities or companies.

5. Estimated plan implementation progress and estimated completion schedule.
  6. When the plan is overdue, the relevant processing procedures such as the scheduled date of the shareholders' meeting in accordance with the law.
- (IX) After any party of a company participating in a merger, division, acquisition, or share receipt has disclosed information to the public, if it intends to carry out merger, split, acquisition or share receipt with other companies, except that the number of participating companies is reduced and the shareholders' meeting has decided and authorized the Board of Directors to change its authority, when the participating companies can repeat the execution of the resolution without holding a shareholders' meeting, all the procedures or legal acts completed in the original merger, division, acquisition or share receipt shall be repeated by all the participating companies.
- (X) If a company participating in the merger, split, acquisition or share receipt has a non-public offering company, the Company shall sign an agreement with it, and follow the provisions of paragraphs 5, 6 and 9 of Item 1 of this Article.
- (XI) Other matters needing attention
- A company participating in a merger, division, acquisition or share receipt and listing or trading at the business premises of a securities firm shall keep a complete written record of the following information and shall keep it for five years for reference.
1. Basic personnel information: including all persons participating in the merger, division, acquisition or share receipt plan or execution of the plan before the news is released, their job titles, names, and ID card numbers (passport numbers if they are foreigners).
  2. Date of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal counsel, signing the contract and holding the board meeting.
  3. Important documents and minutes: including plans for mergers, divisions, acquisitions or share receipts, letters of intent or memorandums, important contracts and minutes of board meetings, etc.

#### XVI. Announcement declaration procedures

- (I) If the acquisition or disposal of assets by the Company involves any of the following, according to the nature and in the prescribed format, and within two days from the day when the fact occurs, the relevant information shall be announced and declared on the website designated by the FSC:
1. Acquiring or disposing of real property or its right-to-use assets from a related party, or acquiring or disposing of assets other than real property with related parties, whose transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets or NT\$300 million. Provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.
  2. Carry out mergers, divisions, acquisitions or share receipts.
  3. The loss of engaging in derivative commodity transactions reaches the maximum amount of all or individual contract losses stipulated in the prescribed processing procedures.



4. Acquisition or disposal of equipment or its right-of-use assets for business use, the transaction object of which is not a related party, and the transaction amount of which is NT\$500 million or more; of which the paid-in capital amount is NT\$10 billion or more, the disposal of real estate that has been built and completed on its own, the transaction object of which is not a related person, and the transaction amount of which is NT\$1 billion or more.
5. A public offering company operating construction business acquires or disposes of real estate or its right-of-use assets for construction use, the transaction object of which is not a related party, and the transaction amount of which is NT\$500 million or more.
6. Acquisition of real estate through commissioned construction on self-owned land or leased land, joint construction of divided housings, joint construction and sharing, joint construction and divided sale methods, the transaction object of which is not a related party, and the Company expects to invest in the transaction amount of NT\$500 million or more.
7. For asset transactions other than the preceding six paragraphs, financial institutions disposing of creditor's rights, or engaging in investment in mainland China, the transaction amount of which amounts to 20% of the Company's paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:
  - (1) Trading of domestic government bonds.
  - (2) The trade of marketable securities conducted by those who specialize in investment on the stock exchange or the business premises of securities dealers, or the subscription of general corporate bonds and general financial bonds that do not involve equity in the primary market (excluding subordinated bonds) or subscription for or redemption of securities investment trust funds or futures trust funds, or the subscription of marketable securities by securities dealers acting as the recommended securities dealers due to need of undertaking business under the regulations of the TPEX.
  - (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

The aforementioned trading amounts are calculated in the following way:

1. The amount of each transaction.
2. The accumulated amount of transactions with the same counterpart to acquire or dispose of the same nature of the subject matter within one year.
3. The amount of accumulated acquisition or disposal (accumulated separately) of the real estates or their right-of-use assets under the same development program within one year.
4. The amount of accumulated acquisition or disposal (accumulated separately) of the same marketable securities within one year.

The said one-year period is based on the day when the transaction facts occurred, and one year has been retrospectively calculated to avoid the repeated inclusion of the part announced according to the regulations.

- (II) The Company shall, on a monthly basis, enter the information regarding the derivative commodity trading performed by the Company and subsidiaries which are not public offering

companies in Taiwan as of the end of last month on the information declaration website designated by the SFI in specified format before the 10th day of each month.

- (III) If the Company shall make corrections due to error or omission in the announcement of the items required by regulations, it shall announce and declare all items again within two days from the date it becomes aware of the announcement.
- (IV) The Company shall keep the relevant deeds, proceedings, records, valuation reports, opinions of accountants, lawyers or securities underwriters on the Company's acquisition or disposal of assets for at least five years, except as otherwise provided by other laws.
- (V) After the Company announces and declares the transaction in accordance with the foregoing regulations, in the event of any of the following circumstances, the relevant information shall be announced and declared on the website designated by SFI within two days from the day when the fact occurs:
  - 1. The related contract signed for the original transaction is changed, terminated or dissolved.
  - 2. The merger, division, acquisition or share receipt is not completed in accordance with the contractual schedule.
  - 3. The declared content of the original announcement has been changed.
- (VI) If a subsidiary of the Company is not a public offering company in Taiwan, and its assets acquired or disposed of meet the standards stipulated in this article that shall be announced and declared, the Company shall handle the announcement and declaration on its behalf. The regulations on paid-in capital or total assets applicable to the reporting standards applicable to subsidiaries are based on the Company's paid-in capital or total assets.

#### XVII. Procedures for control the acquisition or disposal of assets by subsidiaries

- (I) The Company shall supervise all subsidiaries to set the procedures for acquiring or disposing of assets in accordance with the provisions of the "Standards for Disposing of Assets Acquired or Disposed of by Public Companies" of the Securities and Futures Institute, which, after being approved by the Board of Directors, shall be submitted to the shareholders' meetings of both parties for approval, and the same when revised.
- (II) Where the acquisition or disposal of assets by each subsidiary shall be approved by the Board of Directors in accordance with the provisions of the formulated processing procedures for the acquisition or disposal of assets or other laws, the Company shall be notified in advance. The financial department of the Company shall evaluate the feasibility, necessity and rationality of the acquisition or disposal of assets, and follow up the implementation status afterwards, and conduct analysis and review.
- (III) The Company's internal auditors shall regularly audit the compliance of each subsidiary with their own processing procedures for acquiring or disposing of assets and prepare an audit report; the findings and recommendations of the audit report shall be notified to each subsidiary under investigation for improvement after review, and a follow-up report shall be prepared regularly to ensure that it has taken appropriate improvement measures in a timely manner.

#### XVIII. Penalty

If the acquisition or disposal of assets by the relevant personnel of the Company violates the

“Standards for Disposing of Assets Acquired or Disposed of by Public Companies” of the SFI or the processing procedures of the Company for acquisition or disposal of assets, it shall be submitted for examination regularly according to the relevant personnel management measures and working rules of the Company to impose punishments according to the seriousness.

XIX. Supplements to relevant laws and regulations

Matters not covered herein shall be subject to relevant laws and regulations.

XX. Implementation and revision

This procedure and any amendments thereto, shall be submitted to the supervisors after passage by the board, and reported at the shareholders' meeting for approval prior to implementation. Same for any amendments. If there is a director expressing an objection and having a record or written statement, the Company shall send the objection of the director to each supervisor. In addition, if the Company has established independent directors and reports the procedures to the Board of Directors for discussion, it shall fully consider the opinions of independent directors. If independent directors have objections or qualified opinions, they shall be stated in the minutes of the board meeting.

If the Company has established a Audit Committee, the procedures shall be formulated or revised by more than half of all members of the Audit Committee, and shall be submitted to the Board of Directors for resolution.

If the preceding paragraph has not been approved by more than one-half of all members of the Audit Committee, more than two-thirds of all directors may agree to do so, and the resolution of the Audit Committee shall be stated in the minutes of the board meeting.

All members of the Audit Committee referred to in the preceding paragraph and all directors referred to in the preceding paragraph shall be calculated based on actual persons in office.

The effective date of these standards shall be the date of promulgation, with the exception of the amended provisions on November 26, 2018, which shall come into effect on January 1, 2019.

## Formosa Optical Technology Co., Ltd.

## Procedures for Election of Directors and Supervisors

- Artical I. To ensure a just, fair, and open election of directors and supervisors, the Procedures are adopted pursuant to Articles 21 and 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".
- Artical II. Unless otherwise provided by laws or the Articles of Incorporation, the election and appointment of directors and supervisors of the Company shall be governed by the procedures.
- Artical III. The overall composition of the Board of Directors shall be taken into consideration in the selection of this Company's directors. The composition of the Board of Directors shall consider diversification, and an appropriate diversification policy shall be formulated based on its own operation, operation type and development needs. It shall include but be not limited to the following two major standards:
- I. Basic requirements and values: Gender, age, nationality, and culture.
  - II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
- The members of the Board of Directors shall generally have the knowledge, skills and literacy necessary to perform their duties, and their overall abilities shall be as follows:
- I. Business judgment ability.
  - II. Accounting and financial analysis ability.
  - III. Business management ability.
  - IV. Crisis management ability.
  - V. Knowledge of the industry.
  - VI. International market perspective.
  - VII. Leadership.
  - VIII. Decision-making ability.
- There shall be more than half of members among the directors who have no spouse relationship or kinship within second degree.
- The Company's Board of Directors shall consider adjusting its composition based on the results of performance evaluation.
- Artical IV. The Company's supervisors shall meet the following conditions:
- I. Integrity and a practical attitude.
  - II. Impartial judgment.
  - III. Professional knowledge.
  - IV. Broad experience.
  - V. Ability to read financial statements.
- In addition to the requirements of the preceding paragraph, at least one among the supervisors of this Corporation must be an accounting or finance professional.
- At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.
- The establishment of the Company's supervisors shall refer to the establishment of independent directors of public offering companies and the provisions on independence of measures to be followed, and appropriate supervisors shall be elected to strengthen the Company's risk management and financial and operational control.
- A supervisor may not serve concurrently as the director, managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

- Artical V. The qualification of independent directors of the Company shall be in accordance with the provisions of Articles 2, 3 and 4 of the “Measures for The Establishment of Independent Directors of a Publicly Owned Corporation”.  
The selection of the independent directors of the Company shall comply with the provisions of Article 5, Article 6, Article 7, Article 8 and Article 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies.
- Artical VI. The election of directors and supervisors of the Company shall be subject to the procedures of the candidate nomination system stipulated in Article 192-1 of the Company Act. To review the qualifications and academic qualifications of candidates for directors and supervisors, education background and experience, and the presence or absence of the various circumstances listed in Article 30 of the Company Act, no other qualification certification documents may be arbitrarily added, and the review results shall be submitted to shareholders for reference in order to select suitable directors and supervisors.  
If any director is dismissed for some reason, leading to fewer than five directors, the Company shall by-elect them at the latest shareholders’ meeting. However, if the vacancy of directors reaches one-third of the number of seats specified in the Articles of Incorporation, the Company shall convene an interim meeting of shareholders within 60 days from the date of the fact for by-election.  
Where the number of independent directors is insufficient to the number stipulated in item 1 of Article 14-2 of the Securities Exchange Act and paragraph 8 of the “specific criteria for determining that securities premises should not be listed on TWSE/TPEX under Item 1 of Article 10 of the Standards for Examining the Trading of Marketable Securities in the Business Premises of Securities Dealers” issued by Taipei Exchange (TPEX), a by-election shall be held at the latest shareholders’ meeting; Where all independent directors are dismissed, a by-election shall be held at an interim meeting of shareholders within 60 days from the date of occurrence of the fact.  
If the supervisor is dismissed for some reason, leading to the number of supervisors insufficient as stipulated in the Company’s Articles of Incorporation, it is advisable to conduct a by-election at the latest shareholders’ meeting. However, when all supervisors are dismissed, a by-election shall be done on the interim shareholders’ meeting held within 60 days from the date of the occurrence of the fact.
- Artical VII. The election of the Company’s directors and supervisors shall adopt the cumulative voting system. Each share shall have the same voting rights as the number of directors or supervisors to be elected. Votes can concentrate on one person or be distributed to a number of persons.
- Artical VIII. The Board of Directors shall prepare ballots equal to the number of directors and supervisors to be elected, fill in the number of weights, and distribute them to the shareholders attending the shareholders’ meeting, and the electors can use the attendance certificate number printed on the ballot to replace the names of candidates.
- Artical IX. The number of directors and supervisors will be as specified in the company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.
- Artical X. Before the start of the election, the Chair shall appoint several scrutineers and tellers to fulfill relevant duties. Among them, the scrutineers shall be directors, and the ballot box

shall be prepared by the Board of Directors and shall be opened and inspected in public by scrutineers before voting.

- Artical XI. If a candidate is a shareholder, the elector must fill in the candidate's account name and shareholder account number in the candidate's column of the ballot; if the candidate is not a shareholder, fill in the candidate's name and identification document number. However, when a government or legal person shareholder is an candidate, the name of the government or legal person or the name of their representative can be entered in the candidate's account name column of the ballot; when there are several representatives, the names of the representatives shall be added separately.
- Artical XII. The ballot shall be invalid in case of any of circumstances in the left column:
- I. The ballot is not prepared by the Board of Directors.
  - II. Putting a blank ballot paper into a ballot box.
  - III. The handwriting is illegible or has been altered.
  - IV. If the filled candidate is a shareholder, the account name and account number of the shareholder do not match the register of shareholders; If the filled candidate is not a shareholder, the name and identification document number are inconsistent upon verification.
  - V. Other words other than the account name (name) or shareholder account number (identification document number) and assigned number of electoral rights are filled in.
  - VI. The name of the votee entered in the ballot is identical to that of another shareholder, but the shareholder account number of identity certificate number is not filled in the ballot to identify such individual.
- Artical XIII. Ballots will be opened on the spot after the voting is completed. The result of balloting shall be announced on the spot by the Chairman or designated emcee, including the list of directors and supervisors elected and the number of elected weight. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Artical XIV. A notice of election shall be issued by the Board of Directors of the Company to the elected directors and supervisors.
- Artical XV. These Procedures will be implemented after approval by the Board of Directors, and the same applies when they are revised.

## Appendix VI

### **Number of shares held by all directors and supervisors**

1. In accordance with Article 26 of the Securities Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies (the Company meets the provisions on independent directors) :
  - (1) The total number of shares held by the entire body of non-independent Directors shall not be less than the Company's issued 4,804,791 shares.
  - (2) The total number of shares held by the entire body of Supervisors shall not be less than the Company's 480,479 issued shares.
2. The number of shares held by the Company's Directors and Supervisors as recorded in the shareholders' register as of the book closure date for the current shareholders' meeting.

Date of the regular meeting of shareholders: June 23, 2021

Position	Name	Number of shares currently	
		Number of Shares	%
Chairman	Jie Fu Investment Co., Ltd Representative: Kuo-chou Tsai	10,785,057	17.95%
Vice Chairman	Kuo-Ping Tsai	389,439	0.64%
Director	Chih-Hsien Chen	124,000	0.20%
Director	Jie Fu Investment Co., Ltd Representative: Yi-Shan Tsai	10,785,057	17.95%
Independent Director	Yu-Ching Tsai	0	0.00%
Independent Director	Chung-Chi Wen	0	0.00%
Independent Director	Meng-Jou Wu	0	0.00%
Number of shares held by all non-independent directors		11,298,496	18.81%

Supervisor	Formosa Electronics Co., Ltd Representative: Tzu-Chiang Chueh	874,115	1.45%
Supervisor	Chih-Wei Investment Co., Ltd Representative: Chih-Wei Chang	1,300,972	2.16%
Supervisor	Hsiu-Pi Yao	0	0.00%
Number of shares held by all Supervisors		2,175,087	3.62%